Austria ... Sch 18	Indonesia .. Rp 2500	Portugal ... Esc 75
Bahrain . Din 0.650	Italy ... L 1100	S. Arabia .. Rls 6.00
Belgium ... BFr.38	Japan Y550	Singapore S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain .... Pta 100
Cyprus . Mils 600	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr 7.25	Lebanon .. L£ 6.00	Sweden .. Skr 6.50
Egypt .... E£1.00	Luxembourg . LFr.38	Switzerland SFr 2.00
Finland .. Fmk 5.50	Malaysia .. Rgt 4.25	Taiwan .... NT $65
France .. FFr 6.00	Mexico .. Pes. 300	Tunisia . Din 0.600
Germany DM 2.20	Morocco .. Dh 6.00	Turkey .... L 160
Greece ..... Dr 60	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.50
India ... Rup. 15	Philippines . Pes 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,341 Friday June 8 1984 D 8523 B

Mrs Gandhi's credit test, Page 14

NEWS SUMMARY

GENERAL

Baghdad attacks civilian targets

Iraq is carrying out systematic attacks on civilian targets along its border with Iran. The Gulf War has entered a new phase, meanwhile, in which Baghdad's air superiority is dominating the conflict.

Tehran confirmed that Iraq had attacked three Iranian towns and said that nearly 50 people were killed.

Iran has boosted its oil exports to the level before the bombing started by discounting its prices. Page 16

Botha riot alert

More than 200 riot police were deployed in Longuéval, northern France, to prevent anti-apartheid demonstrators from disrupting a war memorial ceremony being attended by South Africa Prime Minister Pieter Botha. Only a handful of demonstrators turned up.

Missiles dissent

President Nicolae Ceausescu of Romania and Polish leader Wojciech Jaruzelski have differed on the issue of medium-range nuclear missiles in Europe.

Mozambique rebels

Mozambique is claiming major successes against anti-government rebels. Almost 300 rebels are reported to have been killed in operations in the southern provinces of Maputo, Gaza and Inhambane.

French task force

France has significantly increased its ability to intervene quickly in any emergency in central Europe through the creation of its 47,000-strong rapid action force. Page 2

Corsican killing

Three gunmen, two disguised as policemen, stormed the prison in Ajaccio, Corsica, killing two inmates and holding two guards hostage before surrendering.

Oil smugglers hit

A crackdown on oil smuggling has given Nigeria's Government 70,000 to 100,000 barrels a day more for export.

Sri Lankan freed

A Sri Lankan kidnapped by Moslem extremists in the southern Philippines has been rescued unharmed after being held for almost 300 days.

Athens drugs raid

Police seized a quarter of a tonne of hashish from an Athens warehouse after investigating a smuggling operation between Syria, Lebanon and Western Europe.

'No' to work cut

Britain has stood alone against a proposed EEC move to promote a cut in working time as a way of creating jobs. Page 16

Italian vote

The Italian Government was last night expected to win a vote of confidence over plans to cut wage indexation, despite bitter internal conflict. Page 2

China incentives

China unveiled new incentives to attract foreign investment and high technology, including tax concessions and access to the country's huge domestic market.

Earth's axis 'tilted'

Fossils of tropical plants found in the Arctic have led Soviet scientists to believe the Earth tilted on its axis about 40m years ago, news agency Tass reported.

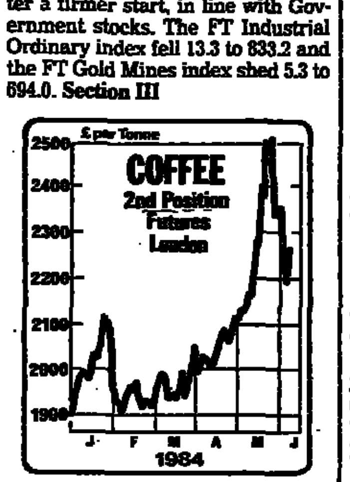
BUSINESS

Grace puts oil group up for sale

W. R. GRACE, U.S. chemicals group, put Grace Petroleum, a leading oil and gas producer, up for sale with a price tag understood to exceed $500m. Page 16

WALL STREET: The Dow Jones industrial average closed down 1.40 at 1,132.44. Section III

LONDON markets turned easier after a firmer start, in line with Government stocks. The FT Industrial Ordinary index fell 13.3 to 833.2 and the FT Gold Mines index shed 5.3 to 694.0. Section III



COFFEE futures firmed, with London September position advancing £74 to £2,270.50 a tonne. U.S. Agriculture Department predicted rise in world coffee output but production cuts by Brazil and Colombia. Page 42

DOLLAR improved in London to DM 2.6945 (DM 2.677), FFr 8.265 (FFr 8.235), SwFr 2.2435 (SwFr 2.232) and Y231.3 (Y230.4). On Bank of England figures, its trade-weighted index rose to 130.2 from 130.1. Page 43

STERLING lost ground in London to a firmer dollar falling 70 points to $1.3955. It improved, however, to DM 3.765 (DM 3.7525), FFr 11.56 (FFr 11.55), SwFr 3.1325 (SwFr 3.13) and Y322.25 (Y322.25). Its trade-weighted index was unchanged at 79.7. Page 43

GOLD was unchanged on the London bullion market at $392.00. It rose by 50 cents in Frankfurt and Zurich to $392.25. In New York the Comex June settlement was $390.30. Page 42

U.S. MONEY SUPPLY: M1 fell $2.4bn in the week ending May 28.

JAPANESE borrowers have been quick to take advantage of recent liberalisation of the Euroyen market. Nomura Securities yesterday announced a Y5bn seven-day Euroyen loan from Daiwa Bank. Page 19

TRANSPORT DRIVERS at the Longbridge, Birmingham, plant of BL the state-owned motor group, voted to continue a strike which has halted nearly all car assembly and made 16,500 idle. The drivers say they will not meet again on the dispute until next Thursday. Background Page 12

CHRYSLER, the U.S. car maker, is increasing its second-quarter dividend by 5 cents to 20 cents after the resumption of payments in the first quarter after a five-year gap. Page 17

BRITISH machine-tool makers are to ask Japanese competitors to restrain shipments of high-technology machines for another year, despite strong opposition from UK importers.

The editorial content of today's international edition has been restricted because of continuing industrial action by IG Druck und Papier at Frankfurter Societäts-Druckerei, where the edition is printed. This prevents the publication of late-breaking news, the final Wall Street report and closing U.S. over-the-counter and Canadian share prices.

Reagan says U.S. would share oil reserves in crisis

BY REGINALD DALE, PHILIP STEPHENS AND MAX WILKINSON IN LONDON

President Ronald Reagan yesterday gave a personal assurance that the U.S. would make part of its strategic oil reserves available in the event of a new world oil crisis.

He made the pledge to Mr Yasuhiro Nakasone, the Japanese Prime Minister, as world leaders gathered in London for the 10th Western economic summit.

They assembled as international anxiety mounted about the potential threat to oil supplies from the Gulf war.

The seven countries attending the summit – the U.S., the UK, Japan, France, West Germany, Italy and Canada – yesterday received an urgent appeal from Iraq to apply maximum pressure on Iran to stop the war.

In a letter to the seven foreign ministers Iraq demanded that the West impose a wide range of economic and political sanctions against Iran, including a tightening of the boycott of military supplies and a cutback in purchases of Iranian oil.

The Gulf war was one of the major topics at last night's opening dinner, at which the leaders concentrated on international political problems before today's first formal working session on the world economy.

Japan, the country most dependent on Gulf oil, wants to persuade the other leaders to strengthen their present understandings about the use of strategic oil supplies if there were a crisis.

The U.S. agrees that political impetus should be given to energy sharing policies but it does not believe the summit is the right place for a detailed discussion of the mechanics of any new oil scheme.

U.S. officials insisted yesterday that they have brought no blueprint for discussion in London.

Mr Donald Regan, the U.S. Treasury Secretary, said last night contingency planning should be carried forward in further ministerial meetings and in the Paris-based International Energy Agency (IEA), where an elaborate oil-sharing system already exists.

American officials also insist that the U.S. cannot be the only country to draw down its strategic reserves, although U.S. reserves are by far the largest.

The UK, the only other major oil producing country among the seven, has been emphasising the existing agreements in the IEA.

Japanese officials said Mr Reagan had told Mr Nakasone that by using part of the U.S. stockpile oil reserve "any emergency situation could be handled."

He is reported to have told the Japanese Prime Minister that a rise in oil prices, following a worsening of the crisis, could set back the world recovery by two years.

Mr Regan said the evidence suggested that the U.S. recovery would be longer and stronger than others in the post-war period.

He added, however, that slower growth in the remainder of this year would help to reduce U.S. interest rates.

He did not expect the U.S. to be "under siege" from its summit partners on the U.S. budget deficit and ready exists.

Continued on Page 16

Tehran drops oil price, Page 16
Details, Page 6; Editorial comment, Page 14

Nikko Securities in joint venture with UK group

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

CHARTERHOUSE J. Rothschild, the British financial services conglomerate headed by Mr Jacob Rothschild, is forming a joint company with the Nikko Securities Co., one of Japan's top four broking groups, to manage the international investment of U.S. pension funds.

Both sides said yesterday that they believed it was the first joint venture of this nature which had involved Anglo-Japanese co-operation. They said that they intended the new company to "become a significant force in international investment management for U.S. funds."

The new initiative by Charterhouse J. Rothschild was developed by Mr Richard Thornton, who recently joined Charterhouse from GT Management, a highly successful British investment management group he helped to found some 14 years ago.

Mr Thornton was approached by Mr Masashi Kaneko, director and chief investment officer of Nikko International Capital Management Co, to act as a consultant to the group. Nikko manages around $75m of U.S. pension fund business which is earmarked for international investment.

Mr Thornton joined Charterhouse J. Rothschild with the idea that a joint venture company could be set up to develop the U.S. market and attract more funds for international investment.

In the new venture, both sides will operate through a jointly owned company whose joint chairman will be Mr Kaneko and Mr Thornton. Mr Kaneko will be president and Mr Thornton chief investment officer.

Last year, international funds under management from U.S. pension funds are estimated to have risen from $7bn to $11bn, and Mr Thornton's former group, GT, was in the top 20 of fund managers. But the market is viewed to be expanding as less than a quarter of U.S. pension funds have sought to invest overseas.

Nikko more than doubled its net profits in the six months to March to Y17.82bn. Revenues rose 47.6 per cent to Y123.5bn ($540m). The brokers have 15 offices in 12 countries, including New York, Los Angeles, and San Francisco.

Lex, Page 16

Sony approval for factory as Indiana renounces unitary tax

BY TERRY DODSWORTH IN NEW YORK

INDIANA announced yesterday that it was abolishing the system of local taxation on international corporate profits – unitary tax – in an attempt to attract more foreign investment.

The decision will remove an ambiguity in the law rather than change existing practice in the state, since it has never applied its right to tax companies on their overseas profits.

The Indiana statement was made *in a joint declaration with Sony, the* Japanese electronics company, which said it would invest about $20m in a new laser disc pressing plant at Terre Haute.

Mr Akio Morita, the chairman of Sony, is leading a delegation from Keidenran, the influential Japanese trade body, on an intensive lobbying campaign against unitary taxation.

He said yesterday he was gratified by the Indiana decision. "I hope other worldwide unitary taxation states will promptly re-evaluate their tax policies to create healthy tax environments in their states."

Although the legislation will not be introduced until its 1985 administrative session, the Indiana state government has already been guaranteed support for the abolition of the provision from a cross section of the legislature.

The state was clearly anxious to press ahead with an announcement because it is in negotiation with several foreign multinationals on investment projects for which it said the change in the tax rules *were "essential."*

The Sony investment, which is being aided by local tax exemption financing and urban development funds, will give the Japanese company capacity in the U.S. to manufacture its laser video disc products.

Sony said yesterday its laser disc venture, which used more sophisticated technology than the project recently abandoned by RCA, was attracting a buoyant response from the market, where the company was stepping up sales to libraries, business and educational outlets.

It added, however, that it needed a faster processing time than was available at present because of the difficulty of shipping out from Japan.

Louise Kehoe writes from San Francisco: Kyocera, the Japanese chemicals and high-technology group, is mounting a legal challenge to California's application of unitary tax, which taxes subsidiaries based in the state on their parent company's worldwide income.

Kyocera says it does not intend to pay unitary tax levied on its subsidiary in California for the period following April 1983. In addition, it will file a suit in California to reclaim $21m in back taxes paid for the previous 12 years. Kyocera's statement, issued in Japan says the company regards unitary tax as double taxation.

Officials at the California Franchise Tax Board said they had not been served with a suit by Kyocera yesterday.

A recent U.S. Supreme Court ruling upheld the right of U.S. states to impose unitary taxes on U.S. cor*porations but left open the issue of* foreign corporations.

Violence continues after death of Sikh leaders

By John Elliott in Delhi

THE bullet-riddled bodies of three leading Sikh extremists, including Sant Jarnail Singh Bhindrawale, were found in a cellar of the Golden Temple complex in Amritsar yesterday as vi*olence in northern India claim*ing at least 20 more lives.

The bodies were in the basement of the Akal Takht, the second most sacred building in the complex, which was used as a hideout by militant leaders and as an arsenal for weapons and ammunition.

It was not clear last night whether they had been killed in action. Their deaths remove the extremists' three prominent figures, without whom the militant Sikh movement will be leader*less, at least for the time being.*

Killed with Sant Bhinranwale were Bhai Amrik Singh, leader of the outlawed Sikh Students' Federation and former Major General Shubeg Singh, who joined the extremists after being cashiered from the Indian army for corruption.

The Indian Government hopes that, without the prominent influence of these and other extremists, it will be easier to reach a settlement soon of the Sikhs' religious and economic demands *with moderate leaders.*

The Government still faces the difficult decision of what legal action to take against the several hundred extremists it is arresting, several of whom face capital murder charges and could be *made martyrs by militant Sikh* youths.

There were demonstrations yesterday in New Delhi and northern Indian states, the first major reaction to the army invasion of the Golden Temple complex, and regarded by the Government as almost inevitable.

Some of the wort demonstrations were in New Delhi, where two people were killed and another 100 injured, including 67 policemen: There were violent clashes outside Sikh temples and shops and houses were attacked and cars set on fire.

In Jammu and Kashmir there were clashes between warring Sikh factions, some aided by Moslems.

In the Punjab, where violence *continues despite a curfew,* the army today starts a major sweep through rural areas to arrest extremists and capture weapons.

Legacy of the Golden Temple, Page 14

UK pit strike 'could last until winter'

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

MR ARTHUR Scargill, president of the UK National Union of Mineworkers (NUM), yesterday used the occasion of a mass rally by striking miners in London to warn the Government that he was prepared for the dispute to last into the winter *do defeat it.*

"Every day that passes," he told the rally, "brings us nearer to the winter months and then the ball becomes more firmly established in our court." He told his supporters: "We are on our way to victory."

About 12,000 mineworkers and their families went to London for the rally and for a lobby of Parliament before the House of Commons held a debate in the afternoon on the dispute. The strike has already lasted 13 weeks and is over the National Coal Board's plans to close 20 *pits with about 20,000 redundancies.*

The miners' march through central London was largely peaceful but, when it ended in Parliament Square, fights broke out with the police for more than an hour. About 110 arrests were made, including of Mr David Nellist, a Labour MP for Coventry.

Mr Scargill made further demands at the rally which he said would be put to the coal board when talks between the two sides resume today. These demands were for a four-day week, an end to an area incentive scheme which he described as divisive, and the introduction of early retirement at the age of 55.

The NUM is already insisting that the coal board should withdraw its pits closure programme, with a reduction of 4m tonnes in produc*tion over the next year, as a condi*tion for a settlement.

Mr Scargill's harder line contrasts with optimistic comments made by him and other NUM leaders over the past week. It appears that they are preparing their membership once again for a long battle.

Some of the area union leaders, however, believe that exhortations to stay on strike until Christmas are misconceived and are looking for a swifter conclusion.

Mr Moss Evans, general secretary of the Transport and General *Workers' Union, said last night that* his executive had issued what he described as "tantamount to an instruction" to all its members not to cross miners' picket lines and not to handle coal and other power station fuel.

This followed an unprecedented appearance by Mr Scargill and Mr Mick McGahey, the Scottish NUM president, before the transport

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World coal use, Page 6; Miners invade London, Page 10

German employers reject compromise

BY RUPERT CORNWELL IN BONN

PROSPECTS for an early settlement of the West German engineering strikes dimmed last night, as employers rejected new union proposals for a phased but conditional introduction of the 35-hour working week.

The modified plan from IG Metall, the engineering union, came on the third day of the latest round of talks in Stuttgart. These theoretically cover only the north Baden Württemberg region, but in practice will apply to the entire country.

IG Metall had proposed that the basic week be cut to 38 hours next January and to 37 hours in 1986. This would be coupled with pay increases of 3.3 per cent for 1984 and 2.7 per cent for 1985.

But the union now says it is willing to drop its demand for a subsequent phased decrease to 35 hours – however, only in the improbable event that unemployment drops from more than 2.1m to less than 500,000 by the end of 1987.

Herr Hans Peter Stihl, the chief employers' negotiator, swiftly dismissed the offer as "completely unacceptable."

He said Gesamtmetall, the engineering employers association, was not prepared to go beyond a reduction to 38 hours for shiftworkers – an offer which would involve 23 per cent of all engineering workers.

For the rest, the present 40-hour week would remain in force. But, Herr Stihl indicated that the employers were ready to improve their tabled proposal of a 3.3 per cent pay rise this year and early retirement facilities.

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CONTENTS

EUROPEAN ELECTIONS

Coalition defers showdown in Italy

By James Buxton in Rome

THE GOVERNMENT of Sig Bettino Craxi was last night expected, despite its ferocious internal strife, to win a vote of confidence in the Italian Senate which would virtually guarantee approval by this weekend of its controversial measures curbing wage indexation.

With the campaign for the European election at last becoming a little more intense in the provinces, outside the political world of Rome, the main governing parties appear not to want a showdown until after the election.

The decree reducing the workings of the *scala mobile* (sliding scale) indexation mechanism is now in the final stages of its second passage through Parliament, having failed the first time to win approval before it expired.

The confidence vote linked to a motion on the timetable for the remaining stages of the debate is designed to prevent any more of the obstructive tactics led by the Communist party which have so far prevented approval of the measure.

Yet the senators belonging to the parties in the ruling five-party coalition will be voting their confidence in a government riven by intense in-fighting. This came to a new peak this week when a leading Socialist politician insinuated that Sig Giulio Andreotti, the Foreign Minister, was a key figure behind the secret P2 masonic lodge.

The indirect attack on Sig Andreotti by Sig Rino Formica provoked a furious response from Sig Andreotti's Christian Democrat Party, which insisted that the Socialists completely disown Sig Formica.

This the Socialist Party has refused to do to the extent requested by the Christian Democrats. Yesterday, however, the political tension eased slightly as it became clear that the Christian Democrats were not going to insist on a satisfactory response until after the European election on June 17.

Sig Craxi, the Socialist Prime Minister, himself poured a little water on the flames yesterday by issuing a statement, before leaving for the London economic summit, in which he said he saw no need for "ruptures nor crises" in the Government.

The wage indexation issue has occupied much of Parliament's time since the middle of February.

French Communists wine and dine the middle class voter

BY PAUL BETTS IN MARSEILLES

ROAST LAMB and profiteroles were on the menu where the French Communist Party invited doctors and other members of the medical profession in Marseilles to dinner in a smart seaside hotel.

Last night it was the turn of people involved in cultural activities to be invited to a cocktail in another modern hotel overlooking the old harbour of France's second biggest city.

Last week, for the first time in the party's history, the Communists invited members of the local business community, in yet another new hotel in central Marseilles, to discuss the party's policies and ambitions.

These unconventional gatherings are part of an intense effort by the French Communists to make greater electoral inroads among the country's professional and middle management classes.

"We are obviously organising these sessions with the doctors and businessmen and other professional categories with an eye to the European elections," M Robert Bret, the local first secretary of the Communist Party, acknowledged.

"But there is also a broader long-term aim. We are now a party of government both nationally in Paris and locally in the town hall here. We feel it is important to discuss our political and economic views with people who are not necessarily traditional or obvious Communist voters."

M Bret admits that Marseilles businessmen had considered boycotting the discussions and that they only sent middle ranking members of the chamber of commerce. "But it is a beginning," he said.

At the doctors' dinner M Guy Hermier, a member of the party's central political bureau in Paris and the Communist Deputy for Marseilles, sought to explain at some length why the French Communists were highly critical of the Socialist Government's economic policies but at the same time were prepared to remain in the governing coalition.

"The revolution no longer happens overnight. We are engaged in a long term process of social and economic transformation," he said.

M Hermier is a member of the new breed of technocrats at the top of his party's hierarchy; one of their jobs is to show that the Communists are a modern party and a responsible party in government.

But M Hermier, like other local party members, admits that the present campaign is an uphill struggle. The latest opinion polls give the Communists between 13 and 14 per cent of the vote.

In Marseilles, where the Communists were until recently the party to win the single largest percentage of votes although never sharing power locally until last year, the party is expected to see its vote drop from the 30 per cent polled in the first European election five years ago.

"Our worst fears are abstentions," M Hermier said. The party has thus launched a campaign to mobilise its voters. The stakes are high for the Communists because, as a party member explained, a victory of the right would increase pressure for the departure of the Communists from the left-wing coalition.

At the same time a strong showing by the Communists in the European elections would put pressure on the Socialists and on the Socialist-dominated Government's economic austerity programme which is fiercely opposed by the Communists. "We could perhaps influence a change in industrial and economic policies if we did well," a party member in Marseilles remarked.

While paying far greater attention than in the past to the votes of the liberal professions and the middle class, the Communists are clearly concerned to hold their traditional blue collar vote.

In Marseilles especially, the Communists could be affected by the growing impact on the popular vote of M Jean Marie Le Pen, leader of the extreme right-wing National Front who is widely expected to poach voters both on the right and on the left.

M Bret had spent the morning before the dinner with the doctors at the nearby shipyards at La Ciotat where 3,700 workers worried about their jobs had organised a demonstration.

For his part, M Hermier said after the dinner that he would be up at 3 am to drive to see miners in the northern part of his constituency. He was due back in Marseilles to host last night's cocktail party debate with members of the local cultural scene.

Denial of farm 'ruin' in Greece

By Andriana Ierodiaconou in Athens

MR THEODORE TANGALOS, the Greek Minister for EEC Affairs, yesterday denied claims by the Communist opposition that Community membership has hurt the country's farmers.

In an interview published in the leading Greek financial weekly, Oikonomikos Tachydromos, he said that agricultural earnings remained steady at about 14 per cent of GNP between 1981 and 1983. Greece became a full member of the EEC in January 1981.

"The Communists say that EEC accession is ruining the Greek farming sector. But GNP has remained steady over the past three years, while the number of farming families has decreased. We must conclude that the average farmer's earnings have improved," Mr Tangalos said.

His statement underlines the fact that the Moscow oriented Communist Party of Greece (KKE) is the only major party contesting the European election on a strictly anti-EEC platform.

The governing Socialist Party, which won the 1981 national elections pledging to pull Greece out of the Community pending a referendum, has since given qualified approval to the EEC.

The Socialists have asked for special protection for Greek industry and more money for development projects to help ease the strain of membership on the country's weak economy.

Hard-hit motor cities, Turin and Birmingham, look for Europe's help in revitalising industry

Fiat executives and workers square off across the Po

A SCRUFFY young man wearing badges proclaiming his support for Italy's left-wing Radical Party stood sheltering under one of Turin's more elegant 17th century arcades. The rain was coming down in buckets last Sunday evening and the little Radical Party campaign table was covered with damp leaflets. But the *jeans-clad Radical provided a* remarkably lucid assessment of the European election.

"If you want my opinion, this election is all about the continuing decline of the corrupt Christian Democrats and the attempt by the Communists to maintain their position or advance it. Craxi, meanwhile, is just hoping the vote will not kick him out of office." The Communists would do well in Turin, he proclaimed, "because Turin *is* a Communist stronghold."

The analysis seems accurate. the city which is the home of the Fiat group and one of Italy's premier industrial centres is also the birthplace of Italian Communism. The mayor of Turin is an immensely popular Communist and some Turin-watchers say the balance between Fiat's industrial hegemony over the city and Communist political control makes for a certain social equilibrium which preserves the peace.

It is a place with some of the worst European problems. The Savoy grandeur of the city's historic centre masks much human suffering which is not immediately visible.

Turin is a stratified society: the Fiat executives and football stars who own magnificent villas in the hills across the River Po are a world apart from the Fiat workers crammed into bleak tower blocks on the other side.

The unemployment rate is officially at close to 14 per cent (against a national average of 9.8 per cent). More than 40,000 Fiat workers have been laid off since 1979 and some 3,000 Turin families are known as "zero families" because there are no jobs and no means of support from either husband or wife.

The European election features two candidates from Fiat, a senior director who is standing as a Christian Democrat and a factory worker who is standing as a Communist.

Sig Vittorino Chiusano is president of Fiat France and the group's director for European Community relations. Like almost every other Italian candidate across the party spectrum, he is a convinced European. Like the Christian Democrat who heads the party's list, Interior Minister Oscar Scalfaro, his greatest fear is that the Christian Democrats will continue their decline while *the Communist proportion of* votes remains stable or grows. The Communists, argues Sig Chiusano, "don't really believe in Europe."

"What a lie! He wouldn't dare say that in front of me. The idea of us not being in favour of Europe is simply stupid," thunders Sig Bruno Ferrero, a Strasbourg deputy since 1979 and one of the Communists seeking re-election. Sig Ferrero and his friend from the Fiat assembly line, Sig Viller Manfredini, sound very moderate when they discuss the need for a European industrial policy which will help to revitalise the car, plastics, textiles, steel and chemicals industries of Turin.

These Communist candidates speak of the need to spend more on co-ordinated European research and development. They talk about a unified European industry to counter competition from Japan and the United States. And Sig Manfredini is *critical of his employers at Fiat* because "they are five to six years behind the technological innovation already under way at Volvo and Volkswagen."

This is rather a different Communism from the threats a few years ago to occupy Fiat plants in order to stop redundancies. Yet here is the Communist mayor of Turin, Sig Diego Novelli, on his aims if elected to Strasbourg: "We will have to invest in new technology for industry even if this means more temporary unemployment. Then we will have to search for other solutions to provide employment such as expanding the service sector, returning more labour to agriculture and investing in a greater development of our tourist infrastructure."

The Communists are assuming that their pro-European rhetoric, combined with workers' anger at the Craxi Government's decree cutting *scala mobile* wage increases, will augur well on June 17. They polled 34 per cent of the Turin vote in last year's general election, against only 19.6 per cent for the Christian Democrats and 9.2 per cent for Sig Craxi's Socialists.

The Socialists should pick up an extra point or two this time, helped by the incumbency of a Socialist Prime Minister. But the more significant gain in Turin could be for the combined Republican-Liberal Party ticket.

These two small parties are increasing in popularity, largely out of frustration with the big parties and the conviction which was expressed by one Turin taxi driver, who said: "At least they are honest."

The Republican-Liberal ticket includes one of Italy's most prominent businessmen, Sig Sergio Pininfarina, already a Strasbourg deputy. Sig Pininfarina rejects the "pretty words" of the Communists and blames what he calls "Turin's Red junta" for paralysing the local economy.

Alan Friedman

Conservatives try to hold the thinnest line in Britain

BIRMINGHAM EAST is the most marginal constituency in Britain, with a majority of only 1,200 for the Conservatives (0.3 per cent) on the basis of the June 1983 general election figures. Yet the parties are having to resort to all available promotional devices to stimulate any interest, in the absence of the excitement normally seen with the prospects of such a narrow margin.

The party headquarters do show the usual bustle—piles of leaflets, enthusiastic candidates and helpers, and world-weary agents (who know that most voters are more interested in the European Cup than the Euro-elections and who sympathise).

But, outside, there are few signs of an election. Posters and window-stickers have been going up on a much smaller scale than they did a year ago. Few people listen to the messages booming from loudspeakers on land-rovers touring the city. There is little of what Mr Roy Jenkins has described as "responsive waving."

All the candidates acknowledge that generating interest is their main challenge in a constituency which covers three-quarters of *Birmingham*, nine Westminster seats, and an area from BL's Longbridge plant and Cadbury's Bournville factory in the south-west, through the suburbs of Edgbaston and the Asian areas of the inner city, to BL's Castle Bromwich site in the north-east.

Moreover, in a contest where fewer than 40 per cent of voters will probably turn out (only 27 per cent did in the city for the Euroepan poll of 1979), party tactics are naturally different. The key is not persuasion but getting out your own supporters. Labour and Tory campaigns are concentrating on their strongholds, not on arousing too much activity in opposition areas, especially with much less local press and broadcasting interest than there was a year ago.

For Labour, Mrs Christine *Crawley, the candidate,* says her target is "Labour and soft-vote areas." Her aim is to "maximise the vote by a high-profile campaign, attracting publicity and media attention." For instance, Mrs Glenys Kinnock, the wife of Mr Neil Kinnock, the Labour Party leader, appeared last Saturday to visit a 20-foot "food mountain" made of foam rubber in the city centre.

Mrs Crawley is undertaking "blitz canvassing," with teams of 20 to 30 people descending on a few streets to drum up interest, and there are stalls in the main shopping centres at weekends.

A low-key campaign seems to suit Miss Norvela Forster, the defending Conservative member. She has been avoiding joint meetings which would draw attention to her rivals. Instead, Miss Forster has been concentrating on walkabouts in shopping centres and some traditional canvassing in Conservative areas, to remind people there is an election.

The main victim of the lack of media attention is Mr David Bennett of the SDP/Liberal Alliance, who is having to fight hard to make an impact in a city where the Alliance's share of the vote has generally been less than a fifth. In the absence of full-scale canvassing, he is relying on gaining visibility by constantly touring the main shopping centres and by a large-scale poster campaign (they can be put on lamp-posts in Birmingham).

Aside from the razzamatazz, the candidates all face the problem of persuading voters that the European Parliament matters. Mrs Crawley freely admits that part of Labour's appeal is having "another bash at Mrs Thatcher."

Otherwise, much of the emphasis is on "pork-barrel politics" — who can get the most money for Birmingham. *Miss Forster points to what she* has been doing, in collaboration with council leaders, to try to obtain European money for the new convention centre in the city and other projects. Mrs Crawley wants to set up a Euro-shop in Birmingham to make the EEC better understood, while Mr Bennett points to his experience in working for the EEC Commission (like many other Alliance candidates).

The candidates are less than precise when explaining what membership of the EEC has, or could, do for the city's motor industry. Miss Forster points to the disadvantages of increased protection if the UK were to leave the EEC.

Mr Bennett similarly argues that BL's future lies in exports to the EEC and, like all Birmingham politicians, appeals to the commercial spirit of the young Joseph Chamberlain.

Mrs Crawley underlines the problem of Japanese imports and points out that even if (stressing the conditional) a future Labour Government were to pull Britain out of the EEC, the process would be gradual with no sudden break of trade links.

The contest will be determined by how many voters turn out. On the basis of the local election result on May 3, Labour should win comfortably on June 14. Yet, behind the Labour confidence, there are doubts about the impact both of the D-Day celebrations this week and the economic summit in London, and of the violent scenes in the mining dispute.

The odds are still that the *greatest public interest in Birmingham* on June 14 will be in the first cricket Test, which will start at Edgbaston ground on polling day.

Peter Riddell

EUROPEAN NEWS

Statoil earnings set to tumble as Oslo plans to take bigger share

BY FAY GJESTER IN OSLO

STATOIL, NORWAY'S state oil company, is likely to suffer a sharp loss of earnings over the next decade or so as a result of government proposals which the Storting (Parliament) is debating today.

They will hold the company's oil and gas income level at around NKr 20bn (£1.86bn) from 1990, while the state's share will rise from about NKr 15bn in 1990 to about NKr 100bn ten years later.

Without the changes Statoil's income from oil and gas would have risen from about NKr 12bn last year to around NKr 30-35bn in 1990 and NKr 120bn in the year 2000 (all 1983 kroner).

The impact on Statoil's net earnings will not be so marked because the state will take over the cost, as well as the income, of the parts of each offshore licence for which it has economic responsibility.

Originally, the Conservative-led coalition had planned a more radical reform of Statoil's status, including a transfer to the state of part of the company's ownership stakes in petroleum licences. The Government agreed to settle for a transfer of economic responsibility instead as part of a compromise worked out between Prime Minister Kare Willoch and Ms Gro Harlem Brundtland, leader of the main opposition Labour Party.

Earlier this week, the compromise appeared to be in danger because of the Government's insistence on specifying now, before the Storting's summer recess, just how responsibility for Statoil's stakes on six key fields should be shared between the company and the state.

Labour MPs, while agreeing to the principles of the split, said the actual share-out—affecting East and West Troll, Heimdal, Gullfaks, Oseberg and Sleipner—should be a matter for Parliament to decide. The background material provided by the Government in its White Paper on the Statoil reform was inadequate to justify a decision now, they claimed, and this should be left open until the autumn.

Eleventh hour intervention by Ms Brundtland smoothed things over, and as a gesture to Labour a separate White Paper will be presented in the autumn, giving the percentage stakes for which the state plans to take responsibility on the six fields.

Greenland poll ends in stalemate

By Hiliary Barnes in Copenhagen

THE ELECTION on Wednes*day to the* Greenland's home rule Parliament, the Landsting, has produced a stalemate between the ruling Siumut party and the moderate Atassut opposition. Both won *11* seats.

The extreme left-wing Inuit independence party was certain of at least two seats and may gain a third when votes are recounted.

The assembly has from 23 to 26 seats—the three extra are available if constituency results do not produce an exact reflection of the proportion of votes cast. In the outgoing assembly, the two big parties had 12 seats each and Inuit two.

The chairman of the executive Council (the Government), Mr Jonathan Motzfeldt, said he would not continue as a minority administration, but he has so far declined to say with which of the other two parties he wil ltry to reach agreement.

A key issue in the election was a demand by Siumut, also supported by Inuit, for total Greenland control of its mineral resources. These are now administered jointly by Greenland and Denmark under the legislation which gave Greenland home rule status in 1979.

It is thought that if the Greenlanders pursue this demand it may influence foreign investors.

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French force 'may act with Nato'

PARIS—France has increased significantly its ability to intervene quickly in any emergency in Central Europe through the creation of its 47,000-strong rapid action force, General Maurice Schmitt, the deputy commander of the army, said yesterday.

He made clear in an interview that the French army, and in particular its new strike *force, was prepared to fight* alongside the Western allies if necessary.

The new airborne division, equipped with anti-tank helicopters and infantry anti-tank missiles, is due to reach its full strength next year.

"The rapid action force is designed to give the President a broader range of action, in particular the possibility to engage forces more quickly on the side of our allies in the event of a crisis," Gen Schmitt said.

The French army, now the biggest in Western Europe after that of West Germany, was withdrawn from Nato's integrated military structure in 1966 *by the then President Charles* de Gaulle. France has remained an active member of the alliance, however, and has been stepping up military co-operation with Bonn, notably in joint arms production.

Gen Schmitt said a decision to redeploy the Third Army Corps from near Paris to a base at Lille near the Belgian border had been taken primarily to give it greater freedom of action away from the densely-populated capital region.

He added, however, that the corps, which is being reinforced and equipped with Pluton tactical nuclear missiles, was clearly prepared to intervene in *Europe if the Government* decided.

The general denied reports that special talks had been held with the allies for providing supplies for the rapid action force outside France.

Reuter

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EUROPEAN NEWS

Labour troubles hit West Germany's electrical industry

BY JOHN DAVIES IN FRANKFURT

WEST GERMANY'S electrical industry, which made a strong start to the year, has lost some momentum lately, with its recovery dampened by the country's labour troubles.

The Electrical Industry Association says that it is doubtful whether electrical companies will continue to take on more employees for the moment.

It says, however, that the electrical industry could still attain its target of a 4 per cent growth in production in real terms this year, if the troubles in the metal industries over demands for a shorter working week are solved soon.

The electrical industry began a modest recovery with a 1.9 per cent growth in real production last year, after two years of decline.

Recovery strengthened in the first quarter of this year, with real production 9.6 per cent ahead of the low level a year earlier. But according to the association the momentum of recovery has weakened since March.

The number of electrical industry employees fell last year for the third year in succession, but some companies have been taking on workers again as business has picked up.

The association says, however, that the labour conflict in the metal industries, where strikes and lock-outs have disrupted production, and a further increase in jobs in the electrical industry, is doubtful at present.

Orders in the first four months of this year received a strong boost from exports. Total orders for the electrical industry were 13.9 per cent ahead of a year earlier, with domestic orders up 10.2 per cent and export orders showing a hefty 21.4 per cent increase on the weak performance a year ago.

Professor Rudolf Scheid, the association's director, said that the main stimulus came from orders for investment goods, up 14.5 per cent on a year earlier. Orders for data processing equipment were 32.7 per cent ahead and electronic components up 52.6 per cent. Demand for electrical consumer goods showed a 5.9 per cent increase.

Capacity utilisation exceeded 80 per cent in the first quarter, compared with 76 per cent a year ago.

Tom Burns, recently in Barcelona, reports on the repercussions of the Banca Catalann crash

Gonzalez raises nationalist hackles in Catalonia

JUST ABOVE the main balcony of the Palau de la Generalitat, the residence of the President of the Catalan Government, there is a statue of St George energetically slaying the dragon, St George being also the patrón saint of Barcelona. The iconographical backdrop seemed entirely suitable last week when Sr Jordi Pujol appeared on the balcony to proclaim "an historic day" for Catalonia.

Sr Pujol had just been re-elected to the Presidency by the Catalan Parliament. The square in front of the Palau was jammed with his supporters. "We are a nation and we are a people," said Sr Pujol, "and you don't fool around with a people."

The crowd waved the Catalan nationalist flag, four vertical red stripes on a yellow background and sang Catalonia's battle anthem. The image was the Catalan Saint George, or rather Jordi, dealing a death blow to the Spanish dragon.

Recent events have provided sobering reminder that the age-old "Catalan question" remains unresolved. Last week the Attorney-General in Sr Felipe Gonzalez's Socialist Government initiated embezzlement and fraud proceedings against Sr Pujol and 24 other former top executives of Banca Catalana, a bank founded by Sr Pujol in 1958 which crashed in 1982 and cost Pta 270bn (£1.3bn) of public funds to salvage.

But Catalans simply refused to contemplate the possibility of any action being taken against Sr Pujol and those responsible for Catalana's crash.

Sr Pujol, who resigned as chairman of the bank in 1977 to devote himself to his job as leader of the Catalan Nationalist Party, immediately made it clear that he regarded an investigation into the bank as an attack on Catalonia. This view has been accepted at face value by a wide cross-section of Catalonia's 6m population.

Seen from Madrid, Catalana was the biggest single banking group to collapse as a result of Spain's banking crisis and the most costly to rescue. Any plan to apportion blame for the crisis must take Catalana as its starting point. The Attorney General, who based his charges on an investigation carried out by the Bank of Spain, alleged that "irregularities" had taken place at Banca Catalana between *1974 and 1982* and *that at least* Ptas 20bn (£85m) had disappeared from the bank during that period.

Seen from Barcelona, Sr Pujol, and by extension Catalan nationalism, was the target of political machinations. In the Catalan parliament debate that preceded Sr Pujol's election, the Socialist leader in the assembly accused Sr Pujol of using Calalonia "as a shield" to pre-empt investigations into the bank. Sr Pujol snapped back: "The Banca Catalana issue has been engineered by the Socialist Government."

The timing of the Attorney General's charges is central to the controversy. Last month Sr Pujol's Convergència I Unió party won an outright victory in Catalonia's regional elections, capturing 47 per cent of the vote and 72 seats in the 135 member parliament. The charges are perceived by Catalan nationalists as a revenge for the electoral defeat.

The Socialist Government appears to have made a serious political mistake. The public support for Sr Jordi Pujol, the Catalan president, is seen in Madrid as the biggest rebuff for the Prime Minister since he took office 18 months ago, and begs a rethink of the Government's regional policy.

Furthermore, whereas Madrid officials talk in terms of responsibilities over a collapsed bank, *Catalans have* no doubt that Banca Catalana was "more than just a bank"—a slogan that the bank itself put into circulation.

Sr Pujol, in addition, has enjoyed a folk-hero status among the nationalist constituency ever since he was court martialled and sentenced to seven years' jail in 1960 for publicly opposing General Franco's anti-Catalan policies.

Sr Pujol made it clear that Banca Catalana was part and parcel of his commitment to Catalan nationalism. Curiously, although Spain's richest region, Catalonia had had no bank of its own. The bank was to serve the interests of Catalanism and to buy shares in it was to stake an interest in Catalonia's national identity. Catalana paid fines and stood bail for Catalan nationalists and was always a soft touch for Catalan cultural initiatives.

The close identity between Catalana and nationalism is a first line of defence for the bank's former executives. They claim that because of it they *found scant sympathy among* other banks, and particularly from the Bank of Spain, when their bank started having difficulties. Much is made of the fact that not one of the thousands of small Catalana shareholders, nationalists to a man, brought a single legal suit against the bank.

The Attorney General said that the bank's administrators had systematically withdrawn customers' cash deposits using fictitious investments that figured falsely among the bank's assets. But in any case it is an open secret in Spanish financial circles that, as the banking crisis began to bite, under-the-counter dealings became widespread. Catalana, if it kept double books as the Attorney General alleges, was certainly not alone in keeping them.

Sr Pujol has evidently won the first round by making the association between Catalana and Catalonia stick. Already the issue goes well beyond the accountability of a particular financial institution and its executives in the banking crisis. The public support for Sr Pujol over the past days in Catalonia is seen by cabinet ministers in Madrid as the biggest rebuff the Socialist Government has endured since it took office 18 months ago.

Sr Gonzalez's Government appears to have made a major political mistake by pricking Catalan nationalism. At the *very least there is the risk of* a split within the Socialist Party in Catalonia, and an erosion of the socialist vote in what has traditionally been a left-wing area is almost inevitable.

The spectacular outburst of nationalist feeling in Catalonia begs an immediate rethink of the Government's regional policy, the so-called "system of autonomies." Officially, the Government is committed to a single, homogenous framework of regional institutions. But it is hard to ignore now that there are two special cases, Catalonia and the Basque country, and then the rest.

To recognise such a special status will be deeply unpopular elsewhere in Spain. But to ignore it runs the obvious risk of further aggravating the Catalan question, not to mention the Basque one.

For the first time since Sr Gonzalez took office the Socialist Party is on the defensive, looking increasingly at a loss for ideas. A crucial ingredient in this is the active sponsorship by the Convergència I Unió party of a nationwide "third party" formula, which plans to make inroads into the Socialist electorate.

Recognising such possibilities, the Conservative opposition, Sr Manuel Fraga's Coalicion Popular, has nimbly jumped onto the aggrieved Catalan nationalist platform—performing something of a u-turn as it has never been enthusiastic about regional autonomy. In the Catalan parliament vote, Sr Pujol received the enthusiastic support of the handful of Coalicion Popular regional deputies elected last month.

An enduring image of the "historic day" in Barcelona, aside from Saint George and the dragon, was that Sr Pujol's triumphal motorcade to the Palau de la Generalitat coincided with the partial eclipse of the sun. This was seized upon as an omen for the demise of Sr Gonzalez.

Dutch cabinet agrees new round of social welfare cuts

BY WALTER ELLIS IN AMSTERDAM

DUTCH short-term unemployment benefits and disability payments are to be reduced by 3 per cent in a second round of social welfare cuts agreed by the cabinet yesterday. They will come into effect on July 1.

Medium-term dole money will remain at its existing rate, as will the minimum income for those existing on social security.

Last January, at the end of a seven-week struggle with the unions, the Government brought in a series of measures which cut public sector wages as well as most welfare benefits by 3 per cent. The July package is the next stage and is intended to be followed by further public sector pay cuts in 1985 and 1986.

From July, redundant workers will be paid 80 per cent of their previous earnings less a total of 6 per cent of the resulting amount. The same will apply to those living on disability payments. A simplified scheme, based on smaller percentage payments without deductions is being worked on but has yet to pass through the Social and Economic Council on Parliament.

Many unions are opposed to the changes and are also seeking to prevent or hold down the further intended reduction in public sector pay.

At the same time, Mr Jan de Koning, the Minister for Social Welfare and Employment, has told MPs that overall pay rises next year calculated on the basis of the wage-price index should be given up in return for new agreements on reductions in the extent of the working week.

He is anxious to encourage progress towards a 38-hour week, followed by one of 35 hours, but sees a cut in real wages as the essential quid pro quo. Wage negotiations not dependent on the index are also being linked to a shorter working week giving rise to fears among workers that their wages next year will scarcely move up at all.

Sr Soares . . . faces a bumpy course

'Red-green alliance' ends minority rule in Hesse state

BY JAMES BUCHAN IN BONN

A CURIOUS political experiment was unveiled to a sceptical West German public yesterday when Social Democrats (SPD) and Greens joined together to vote in Herr Holger Boerner as Prime Minister of the state of Hesse.

His election, by one more vote than he needed in the Wiesbaden state assembly, puts a temporary end to 18 months of minority SPD rule in the state, two inconclusive elections and gritty negotiations between the two parties that fill more than 1,000 stenographic pages.

Yesterday's vote capped the belated dispatch on Wednesday of this year's DM 21.9bn (£5.8bn) budget for the state, including some of the Green's demands for social investment and greater environmental protection.

The "red-green alliance" in Hesse is causing some alarm among the coalition parties in Bonn and some misgiving on the right-wing of the SPD. With fears that the junior coalition partner, the Free Democrats (FDP), will be driven out by the Greens at the 1987 general election, there are serious suggestions that Chancellor Helmut Kohl will have to seek a "grand coalition" with the SPD to stay in power after then.

Ironically, Herr Boerner, aged 53, a rotund former construction worker, makes no secret of his dislike for the Greens but was rebuffed by the other parties in Wiesbaden. During often tempestuous negotiations, he has built a working relationship with Herr Karl Kershgens, the former Roman Catholic priest who heads the seven-strong Green parliamentary group.

Herr Boerner says that he wants to counterbalance the conservative-liberal coalition in Bonn and states, with some justification, that a grand coalition would drive all opposition towards the Greens and double their vote.

The decision to suport Herr Boerner (without demanding any ministerial post) follows a tremendous debate within the Greens across the country, in which "Realos" (pragmatists) have been pitted against "Fundis" (the fundamental opposition). Many of those who demanded that Herr Boerner close all nuclear power plants in the state, or abolish prisons, claim that Herr Kershgens has betrayed the young party.

Soares wins vote of confidence

By Diana Smith in Lisbon

THE SOCIALIST-SOCIAL Democrat majority in the Portuguese Parliament yesterday expressed confidence in the coalition Cabinet of Sr Mario Soares.

Angered by hostility from opposition parties to his right and left and from rival factions in the Social Democrat Party Sr Soares abruptly demanded a vote of confidence on the eve of his Government's first anniversary.

He obtained what he demanded, after challenging deputies to come forward *if they had a workable alternative*. But Sr Soares faces a bumpy course until necessary and long-awaited reforms are seen to be made.

Recently, the coalition lost legislative momentum. The wait for a medium term financial recovery programme, due this month, has unsettled impatient politicians: sensing unrest in the coalition the far left has tried to increase it by exploiting public anger at rising prices.

Improvement in the texternal accounts and a return of international banking confidence have been achieved through austerity measures that hurt lower-paid less-skilled workers in Western Europe's poorest country. Faced with discontent Sr *Soares has kept a cooler* head than many of his colleagues.

Meanwhile the effects of austerity have been pinpointed by Sr Victor Constancio, vice-governor of the Bank of Portugal.

At a university round-table of leading economists in Lisbon, he warned that GDP this year may drop by 2 per cent (after an 0.5 per cent drop in 1983). Investment may decrease by at least 10 per cent and real wages by 6 per cent.

Czech protest to West Germany over rally

BY LESLIE COLITT IN BERLIN

CZECHOSLOVAKIA has protested to West Germany against the holding of a rally in Munich beginning today of the former Sudeten German minority in Czechoslovakia which was expelled after 1945.

The Prague Government also objected to a planned address to the gathering on Sunday by the Herr Karl Karstens, the President of West Germany.

The West German Foreign Ministry rejected the protest and was told by the Czechoslovak ambassador to Bonn, Mr Dusan Spacil, that as a result he would leave West Germany for several days.

The Czechoslovak protest followed a series of truculent media attacks against the Bonn Government by the Soviet Union, Czechoslovakia and Poland. West German officials said the attacks were in marked contrast to the original goodwill shown by the Warsaw Pact countries towards their Government.

East European diplomats in East Berlin say the mounting criticism of West Germany reflects a shift in the Wearsaw Pact's view of the political scene in Bonn.

Moscow and its allies, they note, now believe the opposition Social Democrats (SPD) stand a good chance of returning to power in Bonn in the not too distant future.

The East Europeans regard the present Conservative-Liberal coalition Government in Bonn as heading toward a break up because of the badly weakened position of Herr Hans-Dietrich Genscher, the liberal Free Democrat (FDP) leader and Foreign Minister, within his party.

Herr Genscher was re-elected as Chairman of FDP last week but only after he said he would step down in two years.

A successor to Herr Genscher, the East Europeans say, would almost certainly be politically on the left wing of the FDP and would thus abandon the coalition with Herr Helmut Kohl, the West German Chancellor.

Consumer scheme 'sabotaged'

BRUSSELS – The European Consumers Association (BEUC) accused European Community governments yesterday of sabotaging the European Consumer Programme, blaming particularly Britain and West Germany.

Commenting on the complete failure of the ministerial meeting on consumers' problems held on Tuesday in Luxembourg, BEUC said in a press release: "Such blatant attempts to sabotage the EEC Consumer Programme will not succeed in the end," adding that it will continue to press for the full implementation of the programme.

"A few days from the European elections," BEUC added, "this was an opportunity to demonstrate to a sceptical electorate that the EEC is able to take decisions relevant to people's everyday lives." AP

Danes in debt race, says banker

BY HILARY BARNES IN COPENHAGEN

DENMARK is engaged in a race to keep up with interest payments on both foreign and domestic government debt, Mr Richard Mikkelsen, deputy governor of the Central Bank, told the Danish Savings Bank Association yesterday.

"This race will only be won if a lasting effort at a sufficiently high level of ambition is made," he said.

The Government announced earlier this week that the 1984 budget deficit is expected to be DKr 6bn (435m) lower than predicted in January at about DKr 48bn.

The Government expects the current account deficit this year to increase from DKr 10.8bn to about DKr 12bn, but several banks and other independent forecasters think the deficit will rise to between DKr 15bn and DKr 20bn.

Net foreign debt climbed to DKr 185bn at the end of last year and will rise to about DKr 200bn by the end of 1984, about 35 per cent of the gross domestic product, Mr Mikkelsen said.

The interest of about DKr 21bn on the debt this year will more than cancel out a surplus of DKr 8-9bn on the external trading account. "We remain in the situation of having to borrow abroad to finance a substantial part of our interest payments and as long as this is the case the nominal debt will increase year after year with compound interest," he said.

The Government's domestic debt has risen to DKr 250bn or 50 per cent of GDP. In 1976 there was no national debt. Interest on the debt will amount to DKr 39bn, plus DKr 10bn on the Government's share of foreign debt. The interest will equal the entire budget deficit, Mr Mikkelsen pointed out.

"We are in a dynamic or vicious interest circle, where the deficit is fuelling the debt and thus increasing interest payments, and so on again," he said.

OVERSEAS NEWS

U.S. backs world body role for Hong Kong

THE U.S. Government takes a strong official interest in *Hong Kong's future* and backs a continued role for Hong Kong in international economic bodies after China gains sovereignty over the territory from Britain in 1997, according to a senior U.S. diplomat, *reports* **AP-DJ from Hong Kong.**

Mr Burton Levin, U.S. Consul General in Hong Kong, also said that the U.S. Government expects its Seventh Fleet will continue to make calls for rest and recreation and the Consulate will continue to operate in Hong Kong after it reverts to China.

His remarks are believed to be the first official U.S. statement on its policy towards Hong Kong's future. They follow increased high level U.S. contacts with China in recent months, including President Reagan's visit in April.

Tunisia treason trial begins

THE TRIAL of former Tunisian Minister of the Interior, M Driss Guiga began in Tunisia yesterday. He is charged with high treason for his alleged part in the week long riots which followed President Bourguiba's decision to double the price of bread earlier this year, writes **Francis Ghiles.**

The former minister, who today resides in London, will be tried, in absentia by the High Court of Justice.

Treurnicht quits Broederbond

DR ANDRIES TREURNICHT, *leader of South Africa's Conservative Party*, has resigned from the Broederbond, once the al-powerful Afrikaner secret body. Today it is split over the "reformist" shift in the country's politics, **Michael Holman writes from Johannesburg.**

Dr Treurnicht, a former Cabinet Minister, had been a member of the 14,000-strong Broederbond for 35 years and once served as its chairman. His move, which has long been expected, may well trigger off further resignations, for between one third and a half of the membership are thought to be sympathetic to Dr Treurnicht's ultra-conservative stance.

Jurek Martin, Far East Editor, profiles Japan's Prime Minister

The two faces of Mr Nakasone

HE ONLY SIPPED the '78 Meursault, the '84 Charmes Chambertin and the distinctly respectable Pommery and Greno champagne. But the *cocktail de saumon et crabe sur navet*, the *consomme* and the *filet mignon aux morilles*, not to mention the truly sensational *crèma de yaourt aux cerises*, went down the Prime Ministerial throat as though he were a typical Japanese "salaryman" on a standard 23-minute lunch break.

The lunch Mr Yasuhiro Nakasone gave earlier this week for a small group of foreign correspondents was, in its own way, a perfect metaphor on the man whom Britain is seeing for the first time in his official capacity during and for a few days after the London summit. On the one hand, he embodies quintessential Japanese restraint, on the other a remarkable appetite for things foreign.

This, of course, has been a bit of a domestic politicaly problem for Mr Nakasone. While it is true he is more cautious about what he says overseas or to foreign audiences, having got into terrible trouble with his "unsinkable battleship" remark in Washington early in his tenure, the ease with which he moves in international circles does not always sit too well at home.

Chatting informally, jacket off (he does not like air conditioning), he gave the impression of enjoying the casual cut and thrust of conversation that, one assumes, marks the margins of summits. Though he speaks

Mr Nakasone, off duty, playing shogi (Japanese chess) with his grandsons.

colloquial English and probably understands more than he lets on, he uses only Japanese, and thus an interpreter, to get his points over.

So he retold, with enthusiasm, a slightly risque joke President Reagan had passed on last year in Williamsburg; it was about a woman of loose morals who apparently goes to confession a lot and it lost much in translation; still, Mr Nakasone rather admired the President for keeping a stock of 30 such jokes in his pocket.

Like any Western leader, he somewhat, but only somewhat, regrets the loss of personal freedom that being head of government entails. He occasionally gets away to his country "farm" but, he laments, ever since he entertained President Reagan there it has become a tourist attraction, with local entrepreneurs selling "Ron and Yasu" cakes outside the front door; maybe, he muses, he should charge admission.

For relaxation he practises zen meditation, escapes to a local hotel for tennis and swimming and is faring only moderately in taking on his grandson *at Japanese chess (the running* score is Prime Minister 14, grandson 17).

He seems somewhat resigned to his official residence, a brick pile next to parliament that Denis Thatcher might find less appealing even than Downing Street. But at least he acknowledges the imperative of security in the modern age, even if it means his grandchildren find it almost impossible to open the heavy bullet-proof doors and windows

But informally Nakasone is, probably inevitably, much looser than when he performs in his official capacity. From the *creme de yaourt* onwards, the Prime Minister chose his words with care, scribbling notes as questions were put, the face reposed, no longer lively, the defences up, the pace of speech more measured.

As a strong Japanese nationalist, the one subject which is likely to produce a hint of acid in the voice is the implication that Japan is somehow no more than "an economic animal." Suddenly the first person singular enters the sentences with increasing regularity as he enumerates what he has done since taking office to make Japan a fuller participant on the world scene.

And, of course, Mr Nakasone is a professional politician to his fingertips, as anyone who makes it through the rigorous Japanese school of politics has to be. Not, however, that he is easily drawn into conversation on the subject, perhaps not surprisingly, given that he is up for re-election in November and is intent on making no unguarded comments that might jeopardise his chances.

Manpower shortage hits Phnom Penh war effort

PHNOM PENH – The Vietnamese-backed Phnom Penh Government is having problems building up its army to fight Kampuchean guerrillas because of a shortage of men.

Foreign relief experts and diplomats in Phnom Penh say that due to the mass slaughter of Kampucheans during nearly four years of Khmer Rouge rule, the Government would need five to 10 years to build an army strong enough to take over from the occupying Vietnamese troops.

Official statistics put the population of Kampuchea at 7.2m. But only 40 per cent of Kampucheans are males and more than 50 per cent are children below the age of 12.

"There are not enough men to plough the fields, much less build an army," one diplomat said.

In five years, the Government has been able to raise only a relatively small force. Unofficial estimates of army strength range from 20,000 to 30,000, with civil defence ranks about the same size.

An estimated 180,000 Vietnamese troops remain in Kampuchea fighting the guerrillas.

However, Deputy Foreign Minister Kong Korm said the Hanoi-installed Heng Samrin Government had a strong enough army now to deal with Khmer Rouge-led guerrillas estimated to have a combined strength of about 50,000. **Reuter**

Indonesia pleased with aid but concerned about debts

BY KIERAN COOKE IN JAKARTA

INDONESIAN leaders are relieved that the record \$2.5bn (£1.8bn) aid was agreed by the Inter Governmental Group on Indonesia (IGGI) in The Hague earlier this week.

But they have also taken note of strictures by international bodies such as the IMF and the World Bank, concerning the country's level of borrowing, and certain aspects of its economic policy.

The IGGI which includes Western industrial countries, Japan and various international bodies, has been meeting annually since 1967, and has steadily increased its level of assistance to Indonesia.

Of the total \$2.5bn IGGI figure for this year just under \$700m is in the form of bilateral assistance. The rest *is multilateral.*

But both the World Bank and the IMF have emphasised that Indonesia must take further steps to control its borrowing. Indonesia's debt service ratio now stands about 22 per cent of export earnings. The IMF says that in the ext three years with Indonesia needing to borrow about \$4.5bn annually to fulfill ambitious development targets, this figure is going to increase.

Thatcher looks to Japan for investment

By Max Wilkinson, Economics Correspondent

CONSIDERABLE hopes are being placed on the bilateral talks which Mrs Margaret Thatcher and Mr Yasuhiro Nakasone, the *Japanese Prime* Minister, are to hold at the end of the London summit this weekend.

This is not just because there is a general similarity of outlook between the two leaders on political issues but also because from the British side at least there are some specific hopes for an improvement in trading relations.

On the political front, Mr Nakasone's broad sympathy with the strategic aims of the western alliance has already created a cordial climate with Mrs Thatcher.

In advance of today's summit meeting officials were stressing also that this was the one occasion in the year when the other summit countries could formally consult with Japan on strategic issues and hear Japan's views on the strategic situation in Asia.

However if the bilateral* talks are likely to be more narrowly focused on specific trade issues, at the summit itself, Japan will be urged to increase its direct investment in high technology projects *overseas.

In particular Mrs Thatcher's concern will be to maintain Britain's position as the major recipient of Japanese investment in Europe. Up to March last year, Japan's *direct investment in the UK* was \$2.3bn (£1.64bn) compared with only \$800m in West Germany and very little in other European countries.

In return for Britain's support for a new impetus be*hind talks on world trade* Mrs Thatcher will be asking Mr Nakasone to use his influence to keep up the flow of investment to the UK. Britain will also continue to press Japan to open up its markets to British exports, with a special plea on behalf of the British Harrier vertical take-off fighter as opposed to the equivalent planes made in the U.S.

Report gives details of South African oil embargo violations

BY WALTER ELLIS IN AMSTERDAM

SEVERAL WESTERN oil companies and shippers are allegedly continuing to supply oil to South Africa in breach of an embargo on such sales imposed by the Organisation of Petroleum Exporting Countries, (Opec).

The Shipping Research Bureau, an Amsterdam-based group which has monitored oil deliveries to South Africa since 1980, says in its latest report, covering 1981–82, that much of the trade is carried on by middlemen who negotiate purchases, transfer ownership and arrange delivery by selected shippers.

Transworld Oil, based in the Netherlands and Bermuda, Marimpex of West Germany and Palm Shipping of the U.S. are said by the bureau to have been the chief middlemen. A group of Norwegian shippers, mainly Sig Bergesen D.Y., Stanbo/Verven and Hangsen-Tangen, are said to have made the bulk of deliveries.

The report identifies 209 oil tankers which called at South Africa between July 1981 and January 1983 Details are given of the relevant activities of 57 of these ships, with a total capacity of about 12m tonnes, about 50 per cent of South Africa's requirement of imported oil.

The main source of the oil is said to be the Gulf, but it is not clear from the report how much the Opec governments concerned knew of what was going on. The use of middlemen and trans-shipments apparently make it extremely difficult for government to keep track of destinations, while deliveries are said frequently to be made in vessels which are about to be laid up or scrapped.

The Shipping Research Bureau estimates that, in addition to its annual oil bill of \$3bn, South Africa has to spend about \$3bn to overcome the direct and indirect effects of the oil embargo.

Some \$750m of this arose from extra costs of oil products.

Angolan homeless plea

BY PETER BLACKBURN IN ABIDJAN

AN ESTIMATED one million displaced people in central and southern Angola urgently need more aid, according to the regional office for west and central Africa of Unicef, the United Nations Childen's Fund, in Abidjan.

The number of Angolans displaced by civil war, economic collapse and drought has nearly doubled since Unicef launched an appeal to 22 donor countries for \$4.75m in August 1983.

About one seventh of the population is estimated to be homeless and an extra \$3.5m of aid is needed, Unicef says.

First shipments of emergency aid comprising medicine, soap, blankets and clothing recently arrived in the country. The first six of a consignment of 25 trucks intended to ease acute aid distribution problems also arrived.

Abu Nidal team disbands

BY PATRICK COCKBURN

THE terrorist group led by Abu Nidal, which has claimed responsibility for numerous assassinations in the Middle East and Europe, has disbanded according to Palestinians and diplomats in Baghdad.

They say that Abu Nidal, a Palestinian whose real name, is Sabri el-Banna, has been granted asylum in Iraq on condition that he ceases his activities.

The Abu Nidal group, originally based in Baghdad but which later moved to Damascus, has claimed responsibility for a number of important assassinations since it restarted operations from Syria in 1981.

A member of the group shot Mr Shlomo Argov, the Israeli ambassador to London, in the head in 1982 thus precipitating the Israeli invasion of Lebanon. Moderates in the PLO, such as Mr Issam Sartawi, were also among its targets.

Abu Nidal has always been regarded as a gun for hire and firmly under the control of one or other of the Arab states. He was used by them as a weapon against the official PLO and Mr Yassir Arafat's leadership.

AMERICAN NEWS

Richard Lambert reports on a new approach by the SEC to securities legislation

Tackling the double standards of the law

MR JOHN FEDDERS is not a man that it is easy to ignore. Six feet 10 inches tall, he talks with the speed and *intensity of* a machine gun and brings more than a hint of the bible-belt evangelist to his role as director of the Division of Enforcement at the U.S. Securities and Exchange Commission.

Mr Fedders, who is 42, believes that his task of policing the U.S. securities markets is being undermined by the increasingly international nature of the world's capital *markets, and he plans* to do something about it. At his instigation, the SEC is discussing a new approach to securities legislation which, if enacted, would send some big waves crashing around the international financial community.

The problem, he says, is that there are now effectively two standards of enforcement of the federal securities laws. Those who effect transactions entirely within the U.S. are subject to very strict supervision. But Americans or foreigners who choose to deal in U.S. securities through foreign-based intermediaries can cock a snook at the SEC, by taking advantage of foreign secrecy and blocking laws.

Around 15 countries, including the Bahamas, Switzerland and Liechtenstein, have secrecy laws which ban the disclosure of business records and the identity of bank customers. Britain and France are among the 15 or so countries which have blocking laws that can be used to prohibit the disclosure or removal of documents located in their territories at the request of a foreign court.

It may take the SEC only a matter of hours to get all the facts about a dirty deal undertaken in Milwaukee. But it might take years — or be impossible — to unravel the details of the same deal transacted through *a foreign-based* intermediary.

As international capital flows increase, the scope for fraud also grows. In the month of January alone, lawyers from the SEC enforcement division visited no fewer than 11 countries outside the U.S.

In response, Mr Fedders has developed what he calls the "waiver by conduct" approach. This is likely to be debated in Congress in the near future, as *a prelude to possible future* legislation.

The idea looks simple. Any foreign-based investor would have to make a choice: either transact business in the U.S. markets on the clear understanding that such an act would by itself constitute a consent to disclosure of information about the deal regardless of foreign secrecy laws — or don't deal at all. The consent to disclosure would be implied from

Mr John Fedders

the mere fact that the trade was executed in the U.S. *market.*

The concept might work like this. Mr Insider Trader orders a foreign bank to do a deal on his behalf in the U.S. The SEC gets the relevant order tickets from the U.S. broker dealer who made the trade, and presents them to the foreign bank as evidence of an implied consent to the disclosure of information about who made the trade.

The bank could either hand over the information, or seek guidance from its own authorities, possibly through the courts. If such voluntary or co-operative approaches failed, the SEC would still have the option—as it has today—of filing a motion in a U.S. court to compel disclosure. But such litigation would be much swifter and more predictable than it is now, since the court would be bound by statute to hold that the consent to disclosure was valid.

Mr Fedders cites several advantages of such an *approach—*

- It could provide an "unparalleled deterrent mechanism."
- It could create new avenues for voluntary production of information, and remove existing impediments to international co-operation in securities law enforcement.
- It could lead to big savings in the cost of transnational investigations and litigation.
- It could improve the position *of the U.S. in nation-to-nation* consultations, even if other countries did not accept the validity of the "waiver by conduct" concept.

But there are some big potential drawbacks as well. One was pointed out last week by Mr John Shad, the SEC chairman, who said that such legislation might simply drive trading in U.S. securities offshore. London could be a big gainer from such a law, he suggested.

Mr Fedders admits the possibility, but believes that it should not be overplayed. Foreign investors will always be attracted by the unique breadth, liquidity and integrity of the U.S. markets, he says, and anyway it is not possible to trade in the great majority of U.S. securities on foreign stock exchanges.

Another risk is that foreign countries might take violent objection to the idea that the U.S. was infringing their sovereign rights. But Mr Fedders claims that the legislation would not be attempting to void foreign secrecy laws. Instead, it would be consistent with the view that a sovereign prerogative of each nation is the effective exercise of jurisdiction with respect to conduct *within its own borders.*

Finally, the "waiver by conduct" approach would have no direct effect on blocking legislation. But, urges Fedders, it would at least send a signal to countries that he U.S. was seeking new forms of co-operation in the policing of the world's capital markets.

If nothing else, he wants to get the problems aired in an international debate. "One thing you've got to say about me is that Im enthusiastic as hell and I'm persuasive as hell," he observes. "A lot of people walk out of meetings with me and say 'Well, I don't like what he said, but that son of a bitch is sure persuasive'."

Mexico raises price of tortillas

By David Gardner in Mexico City

THE MEXICAN authorities have raised by *a third the* price of tortillas, the country's heavily-subsidised staple food, and the price of bread by a half, one day after Mexico's official trade unions accepted a half-yearly increase in the minimum wage of 20 per cent.

However, the two-tier pricing plan for the tortilla, mooted at the beginning of the year, will now be introduced. The cost of a kilo of tortillas at the 15,000 state-controlled retail outlets will stay at its present level of pesos 15.50 (6p) while the controlled price at private shops will be pesos 21.50 a kilo. The price of bread for a 70 gramme roll will rise from pesos 2 to pesos 3, but the cost of beans, another staple food, has been dropped by 20 per cent.

As a result of this week's wage adjustment, the *minimum* wage in Mexico City has risen from pesos 680 to pesos 816 a day. The increase is half what the unions had been seeking and was accepted despite a 25.8 per cent rise in the consumer price index

But the erosion in purchasing power has been partly offset by government commitments to freeze electricity, gas and telephone charges

British MPs to visit Argentina for bilateral talks on Falklands

BY JIMMY BURNS IN BUENOS AIRES

THE ARGENTINE parliament has invited a group of British MPs to visit Buenos Aires for talks on bilateral relations and the future of the Falkland Islands.

The South Atlantic Council, a London-based ad hoc all party group, has been lobbying for the resumption of talks between the two countries since the return of democratic rule to Argentina under President Raul Alfonsin last December.

It is understood to have proposed the visit several weeks ago, following initial contacts between British and Argentine MPs in Paris, Geneva and the University of Maryland in the U.S., where a seminar on the Falklands was held recently. The three MPs who will be *visiting Argentina* are Mr Cyril Townsend (Con), Mr George Foulkes (Lab) and Lord Kennet (Lib-SDP).

A telex confirming that the MPs would be "well received" on June 25 was sent to the council yesterday by the Commission for International Parliamentary Affairs of the Argentine Senate.

The initiative is being officially billed by both sides strictly as an "exchange of ideas" between parliamentarians—as opposed to a formal resumption of talks between the two countries.

But the visit—the first to Argentina by any member of the British political establishment since the outbreak of hostilities in April 1982—could pave the way for a new understanding between the two countries, according to its organisers.

The Argentine Senate *has* powers of veto and initiation on any government move connected to foreign policy issues. The South Atlantic Council, in turn, has been strengthening its image as an influential alternative to the UK parliament's hard-line Falklands lobby.

The initiative is understood to have been approved informally by President Raul Alfonsin and his foreign minister, Sr Dante Caputo, as a way of unblocking *the official deadlock* over the Falklands and getting round their own reticence to adopt any public position that might aggravate domestic opinion.

At the same time the MPs on the council are understood to count on some unofficial support from the Foreign Office, which has been pressing for a more conciliatory line on the Falklands issue than that publicly adopted by Mrs Margaret Thatcher, *the British Prime* Minister.

Peronists to sign pact with Alfonsin government

BY OUR BUENOS AIRES CORRESPONDENT

THE ARGENTINE Government and the Peronist Party, the major opposition group, were last night due to sign a joint document officially ratifying their support for consensus as a way of consolidating democratic rule and reaching a solution to the country's more pressing economic problems.

The move follows more than two weeks of talks between the government and representatives of all the political parties which have been focused on secret *meetings* between President Raoul Alfonsin and Senora Isabelita Peron, the Peronist leader, who arrived in Buenos Aires after living in exile in Spain since 1981.

The document stresses that "national unity and consensus are essential conditions for the solution of present difficulties and problems which may arise in the future."

Although the document is vaguely phrased and lacking much detail on the *formal* aspects of future policy, government officials claimed that it was an important step as a point of reference for a more solid agreement in the future.

Significantly, Senora Peron on Wednesday night urged leaders of the General Confederation of Labour, the Peronist-controlled major trade union organisation, to join in a social pact on prices and income policy to break the "vicious circle" *of inflation* that was "plaguing the nation."

Her appeal coincided with the release of the cost of living figure for the month of May, showing an increase of 17.1 per cent in consumer prices—bringing the inflation rate over the past 12 months to a record 568 per cent and a renewed wave of strikes in support of wage increases.

Latin American debtor countries agree to meet

By Robert Graham

LATIN AMERICAN debtor countries are now faced with the problem of hammering out a common platform to present to the major creditor nations and the commercial banks after having finally agreed to a ministerial meeting in Colombia this month.

The meeting has been backed with varying degrees of enthusiasm by the heads of state of Argentina, Brazil, Colombia, Mexico and Venezuela, with the additional support of Ecuador and Peru. The aim is to impress upon the international financial community the seriousness of the problems caused by Latin America's $350bn foreign debt

This point was emphasised this week by a letter sent by the seven countries behind the Colombia meeting to the economic summit in London. The letter called for a "constructive dialogue among creditor and borrower countries to identify specific measures for the relief of debt burden, while taking account of the interests of all the parties concerned."

The letter followed a *declaration* on May 19 from the heads of Argentina, Brazil, Colombia and Venezuela protesting over the latest rise in U.S. interest rates.

The organisers of the meeting, to be held in Cartagena from June 21 to 22, insist that this is not the prelude to a debtors' cartel.

Duarte promises inquiry into civil war victims

By Our Foreign Staff

EL SALVADOR'S President Jose Napoleon Duarte has promised an investigation into cases of persons who have "disappeared" during the *four-year-old civil war.* At the same time, Sr Jose Francisco Guerrero, the newly-chosen attorney-general, has pledged to investigate the 1980 assassination of Mgr, Oscar Arnulfo Romero, the Archbishop of San Salvador.

These promises are the first indication that the new government intends to clarify the circumstances in which some of the 43,000 killings occurred during the past four years. *The president's promise* came after he had received relatives of people who disappeared during the civil war. He asked them to form a committee of five and arranged a meeting today

During his election campaign Sr Duarte said he would end abuses of human rights. But human rights organisations are still sceptical of his ability to investigate the abuses which occurred.

While Sr Duarte has been attempting to placate demands for a restoration of justice in El Salvador, the umbrella guerrilla organisation FDR/FMLN reacted coolly to his call for national reconciliation.

A spokesman for the FDR/FMLN in Costa Rica said on Wednesday that it was "irresponsible"

Setback to moves on banking deregulation

BY STEWART FLEMING IN WASHINGTON

MR FERNAND ST GERMAIN, the powerful chairman of the House Banking Committee, said yesterday the committee is not prepared to take up legislation to broaden the powers of banks until it has been fully informed about the reasons for the difficulties encountered by Continental Illinois Bank.

The move appears to be a further step by Mr St Germain to slow the pace of deregulation in the banking industry.

In the wake of the rescue of Continental Illinois last month, Mr St Germain introduced legislation to limit banking diversification and roll back *deregulation in the financial* services industry. Meanwhile, the Senate banking committee is considering legislation to broaden the powers of banks, which Mr St Germain opposes.

In hearings yesterday into new legislation which Mr St Germain has introduced, he disclosed that bank regulators, including Mr Paul Volcker, chairman of the Federal Reserve, are not prepared to discuss in public their roles in the rescue of Continental Illinois at this time.

The difficulties of Continental Illinois have reopened the debate about the wisdom of new laws which would encourage the creation of financial supermarkets offering banking insurance securities and real estate services.

WORLD ECONOMIC SUMMIT

Reagan supports round of trade negotiations

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday assured Mr Yasuhiro Nakasone, the Japanese Prime Minister, of his strong support for the opening of a new round of international trade liberalisation negotiations in 1986. Mr Nakasone told Mr Reagan that he would put forward such a proposal at the London economic summit that began last that.

In talks with Mr Reagan yesterday before the summit opened, Mr Nakasone said that preparations for the new round should start next year and that the negotiations should cover trade in services, high technology and agriculture. Mr Donald Regan, the U.S. Treasury Secretary, said later that the U.S. agreed with that agenda.

He added that outstanding business from the last major round—the Tokyo Round of the 1970s—should be finished while preparations for the new round went ahead.

Not all the other five summit countries, however, are likely to be as keen to set a date for starting the new round as the U.S. and Japan, the two countries that have been pressing for it most strongly. France and Italy are much more reticent about making a firm commitment now, and West Germany doubts whether services should be included.

British officials say that it is "fine" to move in the general direction of a new round, but that current work should first be completed—including the programme for action on agriculture and services agreed at the Gatt ministerial meeting in November, 1982.

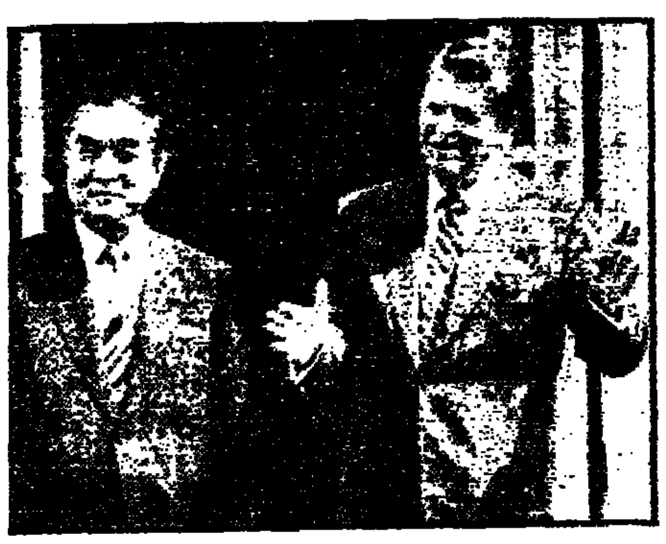
A number of European countries argue that it would be dangerous to launch a new round if it is not certain that it will end in agreement. Failure could give fresh impetus to protectionist pressures, they say.

The European economies, particularly those of France and Italy, are still lagging behind the U.S. in emerging from recession, and there are fears that a new dismantling of trade barriers could hurt reviving or emerging industries and create further unemployment.

The U.S., on the other hand, argues that only by opening markets can the industrialised countries ensure future growth and competitiveness. American officials point out that any new round will, in any case, take several years and that what is really at stake is a trade structure for the world economy in the 1990s.

Washington also believes trade liberalisation should play a major role in helping indebted Third World countries get back on their feet and rejoin the open market system. It also sees the developing countries as potentially by far the fastest growing markets of the future.

While the U.S. believes a new round should be given political momentum by the summit, it is widely recognised that the seven summit countries alone cannot set the date for a start to negotiations—and that they should not risk offending other countries by looking as if they are trying to impose a decision.



Mr Yasuhiro Nakasone, Japan's prime minister and President Ronald Reagan of the U.S.

Third World debt crisis casts pall of gloom

By Max Wilkinson, Economics Correspondent

BEHIND the smiles and mutual congratulations of the world's leaders as they assembled for yesterday's summit meeting is a much gloomier sense of anxiety about the problem of the world's debtor nations.

This was expressed in an oblique exchange between the Japanese Prime Minister Nakasone, and U.S. President Reagan.

Mr Nakasone made a bland remark about the need to help *developing countries*, which contaned perhaps a mild reference to the U.S. Congress' reluctance to provide funds for the World Bank and the International Monetary Fund for this purpose.

Mr Reagan replied, yes, of course, but the developing countries must take *steps* themselves to make it easier for richer nations to help them.

This seems to have been a general code for America's position that debtors must pay their debt servicing charges on time and not backslide from IMF programmes if they want more help from their richer neighbours.

Like the dilemma facing the summit leaders is whether any *indication of their concern for* the plight of debtor countries would injure world financial confidence and so help to set off the financial upheaval which they fear; or whether they judge that confidence is, anyway, so near to a breaking point that some stiffening needs to be applied from the top.

M Jacques Delors, the French Finance Minister, takes the view that a firm announcement is now needed to reassure the markets that the industrialised countries are preparing measures to alleviate the plight of debtor countries and, therefore, of the commercial banks which have lent them money.

In contrast the British and U.S. seem to prefer to work behind the scenes on a series of relatively small measures which could have some cumulative effect on the problem.

It is now generally recognised that a more vigorous attack on trade restrictions, including those which fence agricultural markets off from third world countries could at least help improve confidence.

Philip Stephens and **Max Wilkinson** report why such little progress has been made since the Williamsburg summit

The monetary issues that exercise the West's rich nations

"Let's shot the rabbit before we sell it."

SO Mr Donald Regan, the U.S. Treasury Secretary, rebuffed a call from M Jacques Delors, his French counterpart, to set a firm date for a new initiative to overhaul the world monetary system.

The elusive rabbit referred to by Mr Regan at a meeting in Rome last month is a consensus among the West's richest nations over what can or should be done to remedy the imperfections of the present system.

And, as leaders of the seven most powerful economies sit down in London today, the remark summarises neatly just how little progress has been made since they last gathered in Williamsburg.

Then it was M Francois Mitterrand, the French President, who insisted on a thorough review of the monetary system to improve the financial backdrop to economic recovery.

Wildly fluctuating currency values, often out of line with economic "fundamentals," the debt burden of the developing world, and the relative impotence of financial institutions, he argued, called for a major initiative to restore financial stability.

A new "Bretton Woods" was not an idea calculated to gain an enthusiastic reception from President Reagan or Mrs Thatcher but the need for at least public harmony dictated they should at least consider if it was feasible.

Finance ministers from the Group of 10 industrialised countries, the so-called G-10, have been doing just that for the last year.

Their interim conclusions, an abridged version of which will go to today's summit, hold few surprises and little prospect of any significant changes in the present monetary arrangements.

Floating exchange rates, berated by France as a fundamental cause of economic instability, are considered by virtually all its partners as imperfect but irreplaceable.

For the U.S., West Germany, Japan and Britain the volatility of currency values over the last decade is much more a reflection of huge external shocks to western economies and inadequate policy responses than any interent weakness in floating rates.

There seems little argument with the French case that excessive swings in real exchange rates disrupt investment, distort industrial performance and trade and encourage protectionism.

Where most other countries part company with Paris is on the cure.

France insists that floating rates have produced lengthy misalignment of currencies and have prevented the rational allocation of resources.

Fluctuations in the value of the dollar have generated "irrevisible inflationary pressures" and pushed up substantially the costs of growth throughout the West.

The evidence, according to French submissions to the *G-10, is the performance of the* seven major industrial countries over the last decade compared to the preceding 10 years.

Average inflation has been twice the previous level, economic growth has halved and unemployment nearly doubled. The two oil price shocks and the responses of the industrialised world are only a partial explanation.

The answer, it concludes, is to set up the much-mooted "target zones" for the major western currencies, along the lines of the European Monetary System, with exchange rates held to between 5 and 10 per cent of pre-set values.

It's an idea that draws little sympathy except from one or two of the smaller industrialised nations.

For the rest—and particularly the U.S., West Germany and Britain—institutional changes in exchange rate mechanisms are a red herring.

Their view, put forcefully at last month's Rome meeting, is that any attempt to impose stability through any rigid system is doomed to failure.

In words which will be echoed time and time again during this *week's summit*, they conclude the cure for exchange rate volatility is the "convergence of sound, non-inflationary policies."

Stripped of its jargon that means lower trade and budget deficits and tight monetary policies—and because of the role of the dollar as the principal reserve currency, a special responsibility for the U.S.

None of this has yet persuaded M Delors to drop his idea. In an interview with the Financial Times earlier this week he in fact claimed growing support for the French initiative.

The second issue identified as central to any reform of the international monetary system—that of world liquidity—has similarly failed to bring any real consensus.

France has been in the forefront of demands for a new allocation of Special Drawing Rights by the International Monetary Fund to allow the most indebted developing nations to rebuild their foreign exchange reserves and regain access to bank finance.

The French view has won backing from Belgium and Italy, and predictably from most of the poor nations.

West Germany and Britain, however, are anxious that any significant increase in the amount of cash pumped out by the IMF will merely restoke the fires of world inflation.

The U.S. is firmly opposed. In a paper submbitted to the G-10, Washington argues that the solution to the problems of those countires denied access to commercial finance lies largely in their domestic economic policies.

New finance in the form of an allocation of SDRs would merely encourage them to delay *the essential economic* "adjustments" needed to restore their creditworthiness, the U.S. argues.

And for those few countries which have always been denied access to private funds the best channel for aid is the World Bank, not a general injection of funds into the world economy.

Belgium, whose Finance Minister M. Willy de Clercq is current chairman of the IMF's policy-making interim committee, has tried to bridge the gap between the two sides with an ingenious idea for an issue of "conditional SDRs."

The heavily - indebted countries would be allocated new reserve finance but could use it only in conjunction with an IMF-approved economic programme.

It is an idea that many monetary officials believe could calm *the fears of Britain and West* Germany.

But it is also one that would need to win the approval of a U.S. Congress which has shown itself far from willing to vote through increases in the IMF's resources.

The deadlock on both these issues has, in the timeless way of officials and politicians, persuaded the G-10 to defer any recommendations until "not later than the first half of 1985"—a schedule which more cynical officials say in fact means the end of that year.

But in the words of one official there is a "political imperative" to pull something out of the hat.

And ministers have found it in what they call "surveillance."

The fierce criticism attracted by the U.S. for its budgetary policy, high interest rates, and the strong dollar have fuelled a more general move towards greater surveillance of the major economies by the IMF.

It is here that the G-10 ministers have found what their latest *summary* paper calls "a broad consensus on a number of important principles."

And, to European nations at least, it is an issue on which the U.S. appears to have shown the greatest willingness to compromise.

Finance ministers have agreed, in principle at least, that the Fund's traditional role in watching, criticising, and praising economic policy developments in member countries has to be upgraded and extended.

For many European nations *it might also provide further* ammunition in their attacks on U.S. economic policy in the form of an official IMF indictment with much more weight than the fund's present policy recommendations.

It is an idea that the U.S. has greeted with surprising — at least to some of its critics — enthusiasm.

In its submission on the issue to the G-10, Washington suggests that present, official-level, talks between the IMF and national governments on their domestic policies be replaced by a high-level meeting between the fund's director and the relevant finance minister.

That would be followed by a public statement citing and encouraging necessary changes.

U.S. backing for increased surveillance will probably ensure that the plan is agreed in some form or another, despite some misgivings in West Germany and Britain.

Even here, however, the change may be more cosmetic than practical, according to *some observers.*

The Bonn Government, for example, has made it clear that as far as it is concerned that IMF's role is essentially that of a co-ordinator and educator. Real authority over economic policy must rest with national governments.

The robbit that is eventually shot, may, like the magician's, prove more illusory than real.

For the U.S., West Germany and Britain, in particular, institutional changes in exchange rate mechanisms are a red herring... any attempt to impose stability through any rigid system is doomed to failure.

WORLD TRADE NEWS

Pakistan's exporters seek end to bottlenecks

By Mohamed Aftab in Islamabad

PAKISTAN'S business community is calling for a major shake-up in government administration and policies in order to further boost the country's rising tide of exports.

The influential Federation of Pakistan Chambers of Commerce and Industry (FPCCI) said a continuous hold-up has been caused in the export field by the Government's faulty industrial, import, fiscal and labour policies in recent years.

Saifullah Khan Paracha, president of FPCCI has asked the *Minister for Commerce* and Finance, to remove the bottlenecks, one of which he identified as the present high rate of customs duties on *imported raw materials, spare* parts and machinery, which leads to a high cost of production. The Federation is also concerned over the weakness of the rupee in relation to the dollar making imported inputs more expensive.

The business community also is *complaining against* rapidly rising rates of corporate and personal taxes—with some corporate taxes as high as 65 per cent of income, and liquidity problems caused by the credit squeeze applied by Pakistan's commercial banks.

Mr Ghulam Ishaq Khan, the *Minister for Finance* and Commerce, says that, despite problems with certain goods, Pakistan's exports are currently running 18 per cent higher for 1983-84 than the previous year, while imports are 11 per cent higher. This is the pattern which will emerge when the 1983-84 fiscal year ends, according to Ministry of Commerce statistics just made public.

Hopes high for Railbus sales to Thailand

By Chris Sherwell in Bangkok

PRELIMINARY results of trials held in Thailand on the novel railbus produced by British Rail Engineering and Leyland Bus are raising hopes for prospective sales in the region.

A two-car unit will shortly end three months of test runs on different sections of Thailand's railway network before moving on to neighbouring Malaysia. Its performance is being evaluated by state railways of Thailand and independently by Transmark, the British consultants.

Running costs so far are said to be better than Japanese diesel trains, and performance on bends and gradients satisfactory. The railbus is also believed to be some way ahead of its nearest direct competitor now being developed by Japan.

Each unit is powered by a T1-11 turbo-charged diesel engine supplied by Leyland Bus of Workington and runs on an undercarriage and suspension from British Rail Engineering of Derby.

It is described as a low-cost, low-maintenance, fuel-efficient means of passenger transport. Each two-car unit goes for about £350,000-£400,000 and on its first tests achieved eight miles to the gallon of fuel over a 75-mile route.

The railbus would thus help keep uneconomical branch lines open—an attraction for state railways of Thailand, which operates many of its short routes at a loss and is said to be thinking of "privatising" them.

WARNING AGAINST RISE IN OIL CONSUMPTION IN DEVELOPED WORLD

IEA urges strategy to increase world coal use

BY IAN HARGREAVES

GOVERNMENTS in the developed world need to adopt a more aggressive strategy for the use of coal, if there is not to be a further slippage in coal's prospects, according to a major review of the coal industry published yesterday by the Paris-based International Energy Agency.

The report suggets that demand for solid fuels in the IEA countries, which has shown *little change in the last* three years, should grow from 851m tonnes of oil equivalent in 1983 to 1,000mtoe in 1990 and 1,350mtoe in 2000.

This, however, is a considerable reduction from the last review, in 1982. The forecast for 1990 has been cut by 9 per cent, *reflecting* weak industrial demand during the recession, greater competition from oil and gas since prices fell in 1983 and other coal industry problems.

Unless there is a major expansion in coal use, the IEA warns, there could be a renewed rise in oil consumption, "with the risk of a sharp rise in oil prices in the 1990s.

Since the last IEA review, the report says, concerns about the potential capacity of the coal industry and infrastructure bottlenecks have disappeared. But there is a risk that weak coal prices will remove the incentive to invest

For the coal industry, the report argues, the key to ensuring future prosperity is to improved productivity by closing ennumocci oN—n TAOIN TAO uneconomic facilities, to eliminate monopolistic practices and to improve marketing.

For governments, the challenge is to set predictable environmental regulations which respond to public concern over issues such as acid rain, while permitting maximum flexibility for the industry in meeting improved pollution standards.

Financial incentives for industry to switch from oil to coal, along the lines of the UK boiler *conversion grant, are also* needed.

The report argues that with the price of coal running between 35 and 65 per cent lower than fuel oil, coal possesses a sufficiently wide cost advantage to offset handling problems. The IEA believes that this relative advantage will increase in the 1990s.

Partly because it takes an optimistic view on coal prices, *the agency also challenges* some recent thinking on the relative economics of coal versus nuclear as a power station fuel.

It says that a report published last year by the OECD nuclear energy agency, which concluded that outside the U.S. nuclear had a clear advantage over coal, based its calculations upon the historically high coal prices of 1982 and assumed steady real price increases in future years.

The IEA review presents a series of alternative scenarios, which show that the economic superiority of nuclear power *investments relies upon the* use of a 5 per cent real discount rate (as opposed to the arguably fairer 10 per cent). In several of the IEA projections, coal comes out on top.

Since power generation accounts for 64 per cent of coal use in IEA countries, the debate over these assumptions and projections remains crucial.

As for the supply of coal, the report notes approvingly efforts being made in Germany and the UK to stem subsidies and improve efficiency in the coal industry, but says it is the IEA countries' interests to foster further growth in the still young world coal trade.

It estimates that the international trade in coal contracted by about 8 per cent last year. Although there has been some decline in coal stocks, spot prices continue weak, encouraging coal importers to switch from longer term contracts to spot purchases. The report suggests that this trend may be unhealthy if it undermines confidence among coal producers *and shippers in longer term* investments.

Like the previous coal review, yesterday's report finds few major faults with the network of ports and ships, but says there is great concern about some inland transport questions, especially the high cost *of rail transport in the U.S.* and Australia.

In spite of these problems, the review forecasts a steady growth in IEA coal trade from 132.4m tonnes of exports in 1982 to 285m tonnes in 2000. Imports by the end of the century are put at 237m tonnes against 128.1m *tonnes in 1982.*

Solid Fuels Supply and Demand in IEA Countries

(Millions of tonnes of oil equivalent)

	1980	1983	1990	2000
Total primary energy demand	3,562.7	3,361	3,904	4,484
Solid fuels demand	839.6	851	1,012	1,327
Solid fuels share of primary energy	23.6	25.3	25.9	26.9
SOLID FUELS DEMAND BY REGIONS				
North America	502.3	516.3	603	802
Pacific	92.8	90.3	119	175
Europe	244.5	243.5	290	350
SOLID FUELS PRODUCTION BY REGIONS				
North America	577.7	546.6	695	960
Pacific	69.3	83.1	118	185
Europe	216.7	213.2	218	231
IEA Total	863.7	842.4	1,032	1,376

Source: International Energy Agency

Polyester plant for Taiwan

BY JOHN DAVIES IN FRANKFURT

ZIMMER, THE West German engineering company owned by Davy Corporation of the UK, has obtained orders *worth* DM 85m (£21m) to build three polyester plants in Taiwan.

The Frankfurt-based company will build a plant for Shinkong Synthetic Fibres Corporation at Tao Yuan to produce up to 120 tonnes of polyester polymer a day.

It will also erect two plants for Hualon Corporation at Tou Fen—a polyester polycondensation plant with capacity of 120 tonnes a day and a high-speed *spinning works* t

Zimmer, which built seven polyester plants for the same Taiwan companies in the 1970s, will bring the new installations on stream next year.

It obtained a DM 40m order earlier this year to build a polyester plant for another *Taiwan company*, Taiwan Spinning.

UK freight forwarders are being scrutinised by exporter, explains **Hazel Duffy**

Why c.i.f./f.o.b. may be outdated

A HIGH proportion of British exporters arrange for their goods to be transported overseas under terms which their competitors discarded long ago.

Among these are terms such as f.o.b., meaning free on board, and c.i.f., meaning cost, insurance, freight. Such terms have little relevance to anybody outside the specialist world of international transport, but they are significant to the importer.

To take the example of an importer of machine tools based in Milan:

- If he is quoted a price f.o.b. for the equipment he is buying, he has to add on the cost of transporting the goods from the UK port of departure;
- If he is quoted c.i.f. the goods are covered to the port of entry;
- If he is quoted delivered domicile, which is likely if he is buying from the U.S., Japan, or other European countries, he can take that as the price at which he takes delivery *of the* goods, the exporter having undertaken all the documentation, insurance and transport arrangements.

One reason why the British exporter is likely to quote f.o.b. is that he gets payments for the goods when they get to the British port if they are covered by a letter of credit. Another reason is that f.o.b. passes the currency exchange risk on to the buyer.

Mr David Royce, director general of the Institute of Export, says: "British exporters are missing a market trick by not being willing to quote in the currency of the importer and being hesitant to quote delivered prices."

He believes that a very high proportion of *smaller* exporters are unwilling to take the risk for transport, insurance, and currency. Also, that this highlights the traditional *neglect of* the transport element in exports —10-18 per cent of the incurred costs, on average, are accounted for by transport.

Yet another reason is that exporters are unhappy with the service provided by freight forwarders, used frequently by companies which do not have sufficient goods for transport to justify a whole trailer or container.

Complaints to the *Office of* Fair Trading in the past couple of years have referred sometimes to the fact that freight forwarders have not taken on the responsibilities inherent in being a principal in the transport of goods, as they are increasingly becoming in the case of goods being sent to *Europe, rather than acting as an* agent, which was *their more* traditional role. In other words, if goods have gone missing in transit, or damaged, it can be difficult to know who to sue.

'British exporters are missing a market trick by not being willing to quote in the currency of the importer and being hesitant to quote delivery prices.'

The Institute of Freight Forwarders (IFF) estimates there are about 2,000 feight forwarding companies in Britain. In the past 18 months, over 30 have gone out of business leaving some claims unpaid and creating bad publicity for the sector.

Now the institute is attempting to smarten up its own industry and make it more responsible, by operating a system of registration and self regulation.

From June 1, member companies are being registered only if they conform to a five-point plan (existing members will *have one year in which to* accept the scheme) which covers the acceptance of new trading conditions, liability cover, adherence to a new code of conduct, employment of a minimum number of staff professionally qualified to institute standards, and compliance with laws *concerning* the filing of company accounts and returns.

Mr Kenneth Hay, chairman of the IFF Council, recommends that "*clients should check that* all freight forwarding companies with which they do business are intending to register with the IFF." The British Overseas Trade Board, the Confederation of British Industry, and various financial institutions, have welcomed the move which they hope might persuade more exporters to quote delivered domicile terms.

Mr Hay admits that the regis*tration process does not go far* enough in making the freight forwarder accept more liability, but that it is a start. Like many service industries, it has been possible to set up as a freight forwarder with little or no capital, and buy into the industry by cutting corners and charging lower rates than the *reputable companies.*

Freight forwarders have been considerably squeezed by the increasing tendency of carriers to take on the responsibilities that some of them have not been willing to assume.

Mr Brian Kelleher, managing director of International Express, admits that companies can have problems in knowing which are the reputable freight forwarders, but he also thinks *it is time that exporters* recognised that fob terms — dating back to Victorian times—are putting them at a disadvantage

He estimates *that 70 per cent* of the traffic arranged by International Express to the Continent is carried fob, or cif, at the request of the exporter.

Given that the IFF claims that 80 per cent of manufactured goods are moved through freight forwarders, the chal*lenge of converting* them to newer terms can be appreciated.

Swede-Yugoslav bearings row deepens

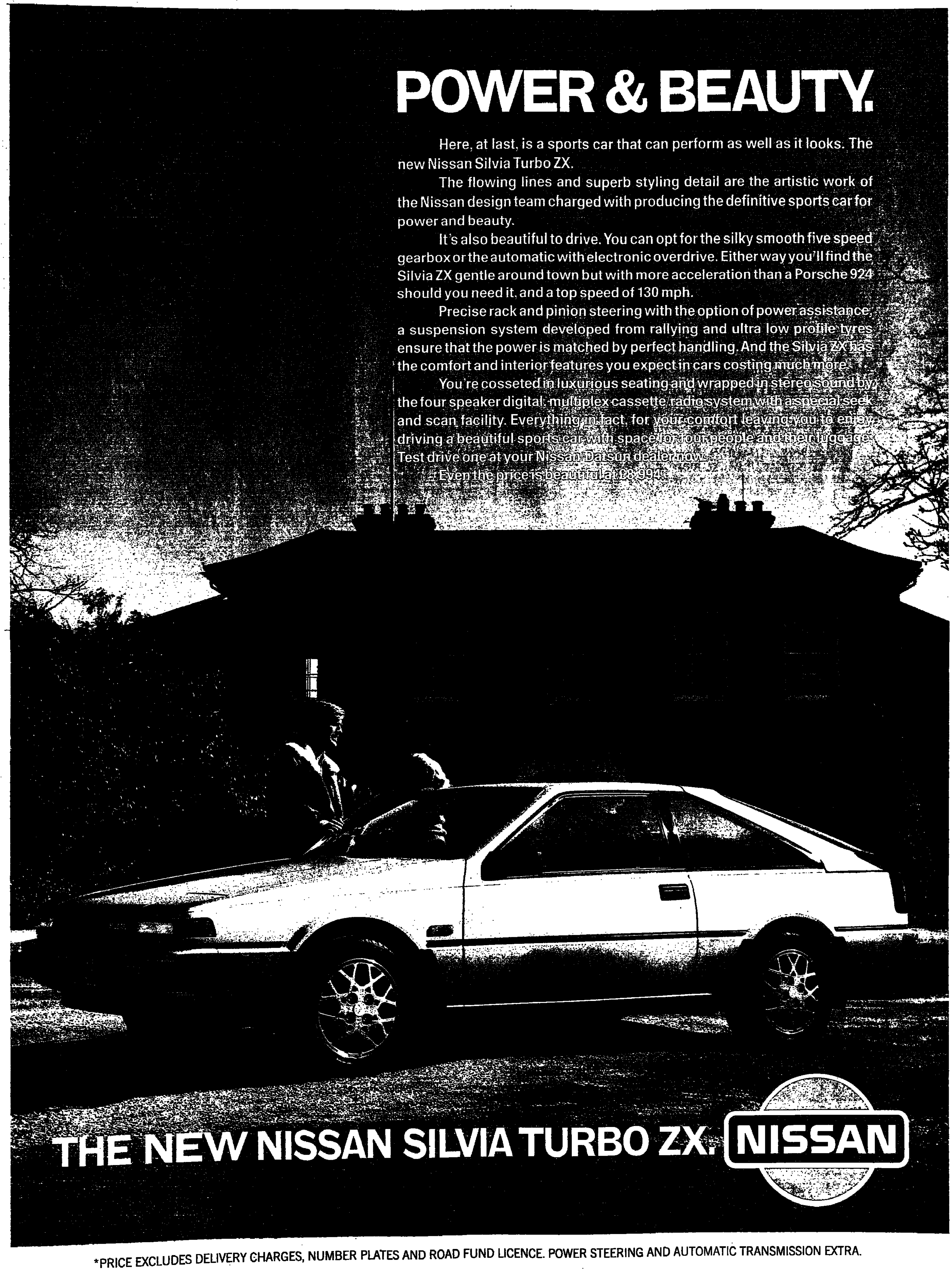
By Kevin Done in Stockholm and Aleksandar Lebl in Belgrade

THE LEGAL battle between SKF, *the Swedish bearings* manufacturer, and IKL, its earlier Yugoslavian partner in a bearings joint venture in Belgrade, has deepened with the two sides starting separate litigation in London and Paris.

SKF has started legal proceedings in London against Beogradska Banka. It is seeking payment of what it claims is an unconditional bank guarantee *for $7.6m, covering its* involvement in a joint venture IKL terminated in 1979 on the grounds that SKF had failed to meet its contractual obligations.

The five-year dispute went to the International Chamber of Commerce's arbitration tribunal in Paris, which issued a ruling in SKF's favour at the end of April.

IKL does not consider the ICC finding final, and has appealed to a French court. At the same time a Belgrade court has ordered the Yugoslav Bank not to pay until the litigation is settled.



*PRICE EXCLUDES DELIVERY CHARGES, NUMBER PLATES AND ROAD FUND LICENCE. POWER STEERING AND AUTOMATIC TRANSMISSION EXTRA.

Aboriginal land rights issue forces mining groups to vote with their feet

BY COLIN CHAPMAN IN SYDNEY

"Faced by a Government which is essentially hostile to resource developments and innately contemptuous of private enterprise, perhaps it would be better to leave investments in Australia to the international institutions just like any other Third World country." (Rowe and Pitman, London stockbrokers.)

"When it comes to natural resources, the Hawke Government and its bureaucratic advisers, like the Bourbons, have learnt nothing and forgotten nothing." (Bart Ryan, chairman of Laurel Bay Petroleum.

GIVEN the widespread support for the Hawke Government among the populace—a 74 per cent approval rating in a recent opinion poll—and among the business community, statements like those above come as something of a shock.

After all, Australia is showing one of the highest real growth rates in the Organisation for Economic Co-operation and Development (OECD), real unit labour costs are falling sharply, corporate profits rose by 38 per cent in 1983, and they are still rising.

Be that as it may, the resources sector is thoroughly disaffected. The oil industry says that new taxes due to be imposed on July 1 will lead to a rapid decline in exploration, and in Queensland those models of good corporate behaviour, the giant coal companies, are declaring a tax strike and say they will not pay state charges.

But by far the most serious issue is land rights for the Aborigines.

There is no doubt that Australia feels a great sense of guilt about the aborigines, who, in the past 200 years, have been slaughtered, starved, diseased and debauched. Whether living on the fringes of country towns, in squalid inner suburbs like Sydney's Redfern, or in the desert, the aboriginal people present, to a considerable extent, a forlorn picture. Returning some of the land to its original owners is seen as just, as well as relieving the white Australian conscience.

So far one-eighth of Australia's land surface has been returned to the aborigines, most of it in areas that are either desert or scrub, and considered by many as not worth having.

But the system of introducing land rights varies sharply from state to state. There is no easy way of identifying traditional aboriginal landowners, and when some are identified and compensated for alleged intrusion on their land, there is acute bitterness and jealousy between tribes.

At the sharp end of modern Australia's dispute with the aborigines have been the mining companies, and land rights have had their greatest effect in the Northern Territory where aboriginal land now covers about 27 per cent of the state.

A further 18 per cent is under claim, so almost half of some of the richest minerals areas is effectively under aboriginal control. That would not matter if people knew what aboriginal control meant—but they do not, for there are few precedents likely to hold up in a court of law.

The result is that exploration in the Northern Territory has all but come to a halt. Indeed there has been no significant exploration since 1972, when the last Labour Government, led by Mr Gough Whitlam, froze the processing of mining tenements, pending land rights legislation. The Aboriginal Land Rights Act for the NT was passed in 1976, and provided that anyone who wants to explore or mine has both to obtain the consent of the tradtional aboriginal owners and to compensate them adequately.

Since then only six developments have been agreed, all the result of exploration prior to 1976. These are the Granites gold mine, which took seven years to negotiate, the Ranger, Nabarlek and Jabiluka uranium mines, and the Mereenie and Palm Valley oil fields.

The Northern Territory Government is analysing the results of a questionnaire sent to 42 companies offered exploration licences since June 1981. Of these, 33 companies, representing four-fifths of the licences, responded, and 21 of them reported that they had been involved in negotiations with aboriginal land councils. None of them had been able to reach agreement, and only in one case were there serious negotiations.

Some said they were put off by incomprehensible procedures, and the lack of effective guidelines. Others reported that the aboriginal land councils felt they could not negotiate because they were unable to identify the traditional owners.

Another problem was that some aboriginal groups were prepared to permit exploration to take place, but were unwilling to make a commitment to mining development should significant discoveries be made.

Net inflow of foreign investment to Australia dropped to A$1.72bn (U.S.$1.54bn) in the first quarter of 1984 from A$3.13bn in the fourth quarter of 1983 and A$2.24bn a year earlier, Reuter reports from Canberra. The fourth quarter 1983 recorded the second highest quarterly inflow on record.

Several mining companies reported that their lack of success was not for want of trying—they had engaged consultant anthropologists able to speak aboriginal dialects at fees of between A$300 and A$400 a day. Yet even they had been unable to identify either owners or sacred sites.

The Northern Territory Chamber of Mines is explicit in its views. "It would be an act of commercial lunacy," it has told the federal Government, "for any mining company to accept willingly a situation where millions of dollars could be spent on minerals exploration with absolutely no reasonable guarantee of being able to mine it at some future date should viable deposits be found."

The NT is not the only state where exploration is paralysed. In Western Australia, Mr Brian Burke's Government has announced that it will transfer 8.6 per cent of the land area to aborigines. A further 40 per cent is Crown land, which the aborigines say they will claim.

A major inquiry is taking place under the chairmanship of a Queen's Counsel, and his report is expected to recommend that most of the claims be granted on a freehold title basis, with the traditional landowners having the right to veto mining and to negotiate compensation.

Other states are following suit, though the federal government hopes to clear the confusion up with its own legislation. But, with an election probable at the end of the year, it will want to avoid a clash with the states, and a year's delay seems inevitable.

"If the doctrines and principles underlying the Northern Territory legislation are applied to the rest of Australia, there will be no exploration activity, and no mining industry," said Mr Hugh Morgan, chief executive of Western Mining, and the most vocal critic of land rights.

Mr Morgan has become embroiled in controversy because he has broadened the issue beyond mining. "Aboriginality has become virtually a matter of self-definition," he said. "This has been strongly defended by some of the prominent spokesmen in the aboriginal affairs industry. When great financial advantage accrues to particular people by virtue of where they were born, or where their parents and grandparents were born, then self-definition is impossible. There will have to be a register of aborigines, with all of the difficulties concerned with racial classifications that that implies."

Mr Morgan says that once land rights are granted it will be hard to deny the "whole package of tribal belief, custom and practice."

"On what grounds can a minister say, on the one hand, we respect, recognise and give legal support to the spiritual claims you have to a very substantial proportion of this country, but on the other hand we cannot sanction infanticide, cannibalism and the cruel initiation rights which you regard either as customary or as a *matter of religious obligation."*

Few mining industry leaders will come out publicly and support Mr Morgan, particularly his criticism of tribalism.

As yet, there has been no debate of any substance in the federal parliament. Four-fifths of Australians live in large cities, and have scanty knowledge of the problems. Meanwhile the resources industry votes with its feet, while its geologists look in vain for work.

UK NEWS

Current account surplus revised sharply upwards

BY MICHAEL PROWSE

BRITAIN'S surplus on the current account of the balance of payments was revised sharply upwards yesterday. Figures released by the Central Statistical Office show that the surplus in 1983 was £2.9bn. At the end of May, the official estimate was still £2.0bn.

The improvement reflects an upward revision of the surplus on invisibles (services, interest profits and dividends and transfers) from £2.5bn to £3.4bn. Large upward revisions of the invisibles' balance are not uncommon as information about such transactions is slow to arrive.

The current account surplus in the first quarter of 1984 has been revised up from £691m to £838m, suggesting that the earlier estimate of the monthly surplus on invisibles was about £50m too pessimistic.

After revisions, a rise in the current account surplus of £142m between the last quarter of 1983 and the first of 1984 is thought to reflect a stronger performance on invisible trade. The visible balance deteriorated over the six months to show a deficit of £59m in the first three months of this year.

The strengthening of the invisibles account is thought to reflect a smaller deficit on transfers and a bigger surplus on services, partly offset by a decline in the surplus on interest, profit and dividends.

The first quarter result was encouraging because it apparently does not include the promised rebate from the European Community. Financial services contributed £662m – a 14 per cent rise from the fourth quarter of 1983.

The revised first quarter figures suggest that current account balance is showing "no overall tendency to decline," Mr Gavyn Davies, senior economist at the stockbroker Simon & Coates said.

BALANCE OF PAYMENTS CURRENT ACCOUNT (£m)

	Current balance	Visible balance	Invisible balance
1982	5,774	2,384	3,390
1983	2,924	−500	3,424
1983			
1st qtr	1,589	203	1,386
2nd qtr	−89	−460	371
3rd qtr	828	−248	1,076
4th qtr	596	5	591
1984			
1st qtr	838	−59	897

Nurses' pay deal risks fresh union anger

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT yesterday risked provoking fresh anger in Britain's public sector unions – already inflamed by the miners' strikes – by refusing to meet in full the cost of a long-awaited nurses' pay award. It has also effectively cut pay rises for the armed forces and top salaried staff.

Ministers tempered unions' anger by agreeing in full to the 7.5 per cent rise recommended for Britain's 550,000 nurses and midwives, and 7.8 per cent to other professional medical staff – excluding doctors and dentists. But part of the cost of the award will have, to be met from the National Health Service's own contingency funds.

Although many union leaders reacted angrily to the Government's announcements, the effect is likely to be that the Government will successfully deal with awkward pay rises for large numbers of workers in the public sector, leaving the miners isolated.

The review body for the nurses and the professions allied to medicine explicitly reject in the main the Government's market forces approach to pay. It argues that the Government's cash limit pay assumptions – ministers' main mechanism for influencing settlement levels – cannot pre-empt the review's recommendations.

Striking mineworkers come to London as the House of Commons debates their dispute

Peaceful invasion ends in a fight

BY JOHN LLOYD, INDUSTRIAL EDITOR

D-DAY had to come into it. Mr Martin Gould, the south-east regional organiser for the Trades Union Congress, who officially welcomed the striking miners to their London rally yesterday, said: "We are celebrating another invasion 40 years on – the invasion of miners come to show the people of this country their determination to defend their pits and their jobs."

His words were more prophetic than he could have thought. The afternoon was to see ferocious running battles between police and pickets outside parliament as the planned lobby of MPs turned at times into furious fist fights, with the miners, hemmed in against railings and walls, lashing out at those they have come to regard as their enemies.

So it was something of an invasion but it started quietly enough. The police said there were 8,000, the organisers said 40,000. They came by coach and train, marshalled near King's Cross railway station and set off at 11.30 am towards Fleet Street, home of serveral of the national newspapers.

Mr Scargill (centre) at yesterday's London rally

Mr Arthur Scargill, the miners' president, was at the head with Mr Mick McGahey, his vice-president, Mr Eric Heffer, the Labour Party chairman and Mr Jim Mortimer, Labour's general secretary, beside him. The Grimethorpe brass band played rousing tunes and behind came banner after banner from coalfields and pits. On the main union banner was the proud slogan: "The past we inherit, the future we will win."

As they passed the Daily Express and Daily Telegraph buildings on Fleet Street, the marchers' songs gained a certain point – neither newspaper has supported the miners' case. The miners' columns chanted abuse. It was reasonably lighthearted; passers-by smiled when they got the drift of the songs. Police moved along some of the pickets who were collecting money, but not too roughly.

The advance columns got to Jubilee Gardens, by the River Thames, just before 1pm and formed a large semicircle in front of the bandstand.

Mr McGahey began the speeches to cheers of "We will win." He held out his hands to them and said: "British miners have been in struggle for 13 weeks. The British miners will continue that struggle until we resolve the question. There will be secret meetings at a secret place but there will be no secret deals."

The miners' union is due to meet secretly for talks with the National Coal Board tomorrow.)

He was followed by another old Labour warhorse, Mr Heffer, who reminded them with some force: "The national executive committee of the Labour Party have on three occasions given their total and unqualified support to the miners.

"You created us," Mr Heffer cried, "We need you – you need us – we will win this battle."

Mr Stan Orme, Labour's energy spokesman, warming up for his opening speech in the afternoon House of commons debate, said the party would call for the withdrawal of the coal board's closure plan. "We've been told that the Government are not interfering in this dispute. The Daily Mirror blew that sky-high yesterday. This is a political strike: made political by the Thatcher Government."

Mrs Betty Heathfield, wife of the National Union of Mineworkers' general secretary Mr Peter Heathfield, and an effective platform orator, told them that women had now taken their place beside miners to save "their jobs, their living, their pits, their families and their communities."

Mr Tony Benn, left-wing Labour MP for Chesterfield, came to the microphone to a roaring reception and told them: "You are fighting for millions of other people. The miners are fighting for jobs, for democracy."

It was nearly 1.45pm when Mr Scargill came to the microphone to his now familiar entrance tune of "We'll support you ever more."

He was not at his strongest. His heart seemed to be at the Orgreave coke plant near Sheffield where he has organised mass pickets over the last two weeks. He said: "I would dearly love to see every miner here, every trade unionist who is supporting us, down at the Orgreave plant. If anybody thinks that other workers shouldn't get involved in the miners' struggle – come to Orgreave! Police from every county in Britain are gathered there."

He said he was "sick and tired of listening to mealy-mouthed messages" from other union leaders. Now was the time for full-throated support. Workers in steel plants and in power stations now had to join the mineworkers.

"With every day that passes we get nearer the winter and the ball passes more and more into our court," he said.

Mr Scargill warned the coal board that he was now not looking only for the withdrawal of the pit closure plan but for an end to the "divisive area incentive scheme, the establishment of a right to early retirement. We are not prepared to sell our jobs – these jobs are not ours to sell."

The miners began to drift away towards the House of Commons. By 3pm Parliament Square was filling with young chanting miners, some queueing to go into the Grand Committee Room to listen to more speeches, others simply surging to and fro along the pavements.

The police tried to keep them moving, but there was nowhere to move to unless they left the square. By 3.15pm, as Prime Minister's question time began (without the Prime Minister), the first scuffle broke out.

A thin, middle-aged miner objected to being moved along. He was grabbed from the other side of crash barriers by several policemen, hauled over them and carried off across the road. About 50 of his fellows pushed into the barriers in an attempt to grab him back. Fights broke out and word spread around the square that arrests were being made.

Neither side was gentle with the other. The pickets roared into the police lines where they saw them weak, the police charged back, hauled out those they wished to arrest, dragged them across the road and piled them – handcuffed in some cases – into vans lined up outside Westminster Abbey.

Thatcher is accused of lying about coal intervention

BY IVOR OWEN

ANGRY MP's in the House of Commons last night stepped up their attacks on Mrs Margaret Thatcher, Prime Minister, for her intervention in the coal industry dispute. Mr Michael Foot, the former Labour leader, accused her of lying to MPs.

Mr John Biffen, leader of the House, deputising for Mrs Thatcher who was hosting the economic summit talks at 10 Downing Street, had sought to shrug aside revelations published this week in the Daily Mirror newspaper.

Downing Street letters which had been leaked to the paper indicated that Mrs Thatcher had urged British Rail to conclude a pay deal with its workers so that the miners would remain isolated in their dispute.

Mr Biffen said the documents merely indicated that "in these matters the Prime Minister and the Govenment have taken a proper and prudent regard for the national interest."

Mr Foot maintained that the disclosures made by the Daily Mirror, which directly contradicted earlier statements by Mrs Thatcher that the Government had no intention of intervening in the dispute, showed that her main concern had been to win a political battle against the National Union of Mineworkers rather than to get a settlement.

He denied accusations by Conservative back benchers that his approach amounted to "giving in" to the miners.

Mr Foot blamed the Department of Employment for not trying to head off the dispute, and singled out Mr John Gummer. Minister of State at the Department, who is also chairman of the Conservative Party, for particular responsibility for this failure.

He claimed that the leaked Whitehall documents showed that the Department of Employment had been trying to stop successful negotiations, instead of acting to prevent the dispute occurring in the first place.

Mr Peter Walker, the Energy Secretary, who confirmed that the National Coal Board and the National Union of Mineworkers would resume talks today, only referred to the Prime Minister's role in the dispute when forced to do so by Mr Jack Straw (Labour).

Mr Walker maintained that the purpose of the Government's intervention had been to see that the industry secured an adequate capital investment programme, to see that a decent pay offer was made to the miners and to ensure that there was enough money available so that not one single miner faced compulsory redundancy.

He added "This was the intervention of this Government, which certainly the Prime Minister supported, the whole of the Cabinet supported, and which was in the basic interest of the mining community."

Mr Walker's emphasis on the £2m a day investment which the Government had provided for the industry did nothing to pacify his Labour critics who contended that it was all being channelled into developing new coalfields at Selby and the Vale of Belvoir, while still economic pits in the older traditional mining areas were prematurely forced out of production.

Developing this theme, Mr Tony Benn (Labour) claimed that it justified the campaign against the NCB's "hit list" of pits which had been waged over a long period by Mr Scargill and explained the refusal of young miners to be coerced or bribed by large redundancy payments into giving up their jobs.

Government supporters jeered when he declared: "I believe that the leadership of Mr Scargill and the NUM executive has been brilliant throughout the dispute."

When Conservative backbenchers inquired why Mr Scargill continued to oppose a national ballot of all his members he said the Government had not thought it necessary to have a ballot when destroying the trade union rights of workers at the secret communication headquarters at Cheltenham, or when depriving residents in Greater London and the English metropolitan counties of their right to vote in the local government elections.

It was hypocrisy for the Government to say it was not intervening in the dispute. The truth was that the Government was deeply involved, Mr Benn said.

He alleged that the police were preventing peaceful picketing in the coalfields, setting up road blocks and introducing curfews in the mining villages.

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UK NEWS

Investment by industry likely to jump 9%

BY MICHAEL PROWSE

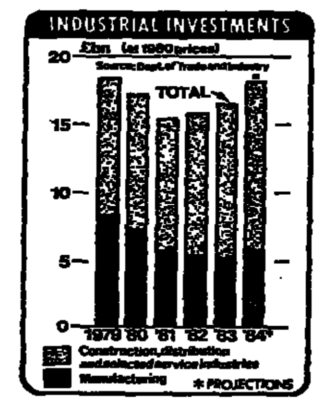
INVESTMENT BY British industry is expected to rise by more than 9 per cent in 1984, according to the Department of Trade and Industry's (DTI) latest survey of investment intentions. A further, but smaller, rise in the volume of investment is expected in 1985.

The survey, published yesterday, is the most optimistic from the DTI since the late 1970s. A 12 per cent rise in manufacturing investment (including assets leased by manufacturers) is forecast this year and a rise of 8 per cent in the construction, distribution and service industries. The survey excludes exploration and development work in the North Sea.

There has been an increase in business confidence since the DTI's last survey in December, which projected investment increases of 9 per cent in manufacturing and 6 per cent in the rest of industry in 1984.

The increase in planned investment appears not to reflect tax changes in the budget, which, officials suggest, industry has not yet had time to digest.

The DTI's mid-year survey is usually a reasonably good guide to the year's actual increase in investment, although it has proved over-optimistic in the past – for example in the 1977-78 upturn.



A rise in total private sector investment of more than 9 per cent this year is in line with the 10 per cent increase forecast by the Treasury in March, and better than the expectations of some City of London analysts.

The 12 per cent rise in manufacturing investment forecast for 1984 follows four successive years of sharp decline. A smaller increase of about 6 per cent is tentatively projected for 1985.

BP lifts quarter net profit to £342m

By Dominic Lawson

BRITISH PETROLEUM made a net profit of £342m in the first quarter of this year, an increase of £268m from the first quarter of 1983.

The absence of the stock losses of the first quarter of the previous year was a significant reason for the jump in profits. BP said yesterday "all major businesses reported improved results."

The most outstanding performance came from BP Chemicals, which made an operating profit of £26m, its first quarterly operating profit since 1980, and a substantial improvement on the £15m loss in the first quarter of 1983.

However, Mr Ray Knowland, the managing director of BP Chemicals said it was "unrealistic to believe that this rate of profits will continue in 1984."

BP Exploration's operating profits from oil and gas production increased by £60m to £341m. The sale of 12 per cent of the Forties Field, the North Sea's biggest, has not had a very depressing effect on production profits, because Forties production is highly taxed. But this quarter, unlike the first quarter of last year, benefits from production from BP's latest North Sea oilfield.

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Strike at Austin Rover plant 'supreme exercise in futility'

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

"PERHAPS IT'S spring madness," an Austin Rover executive sighed yesterday, trying to explain the latest motor industry strike, which has halted all but one of the company's models and made more than 14,000 workers idle.

But the number and regularity of walkouts by groups of workers at the company's two assembly plants, Longbridge, Birmingham, and Cowley, Oxford, must be causing concern that old habits are reasserting themselves in BL the state-owned group, of which Austin Rover is part.

The mix of elements is unusual, even by BL's troubled standards. It involves one man, dismissed for hitting a foreman. He is black and claims he is the victim of racial abuse at Longbridge – a factory that enjoys an admirable record for good race relations.

The action, by just 300 transport drivers, has caused as much disruption to production as the combined forces of all the trade unions could muster in many of the set-piece confrontations with Sir Michael Edwardes, the former controversial chairman of BL. Indeed, the company says not since the pay strike of 1981 have so many models been stopped – but then it was only for one day.

Three weeks ago Mr Zedekiah (Zac) Mills, a 55-year-old stacker truck driver, came round a corner in the massive West Works at Longbridge, where the robots clamp together the body shells for the Metro model.

His path was blocked by cars cleared for a trial run of a new robot trolly, guided by an underfloor strip of metal.

Mr Mills, in an ensuing altercation, hit a foreman. The supervisor has subsequently been "disciplined" and given a written warning for using bad language.

Mr Mills, who insists he was subjected to racial abuse, has been dismissed. Some 300 of his colleagues, who transport parts and car bodies both within Longbridge and to other plants, are staging a protest strike.

Mr Johnny Barker, a former Longbridge worker and a full time transport union official handling the dispute, insisted yesterday that Mr Mills had been subjected to "a lot of taunting and baiting." He had been "provoked beyond all reason."

Mr Barker maintained there was no other explanation why Mr Mills would get down from his truck and strike a foreman "Zac is a truthful man."

Austin Rover stated the issues starkly yesterday: "This is not negotiable. Mr Mills assaulted a forman. He has admitted that he did so in front of his union representatives. That is the end of the matter. We cannot condone violence within the plant."

The company insists that whether or not Mr Mills was racially abused has no relevance to his dismissal. It would only affect the discipline meted out to the foreman. "The foreman insists there was no racial comment. Mr Mills has been unable to provide any witnesses or evidence to support his accusation."

Mr Mills might have the immediate support of his 300 colleagues and the backing of his union official, but the tough management stance last night indicated a confident belief that the storm is likely to blow itself out. "This strike is a supreme exercise in futility," the company said.

The stakes are high, as Austin Rover speeds all the stocks it can muster in advance of the August peak sales period, which this year is expected to set new records.

The row over Mr Mills is certainly not of the unions' choosing. Union tactitians are anxious to keep their powder dry, ready for the November pay talks.

These will provide the first opportunity negotiators have had of testing their strength, following a two-year pay deal.

The success of Austin Rover's recovery programme and the range of new models has clearly raised workers' expectations of higher earnings. The current rash of unofficial disputes merely adds to the frustration as it hits the self-financing productivity scheme.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
8	9	10	11	12	13	14

Exhibitions

NEW YORK

Museum of Modern Art: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection. No longer is it a boutique of the *modern classics* but more like a department store, with double its previous exhibition space and room for such examples of modern design as a whole helicopter.

Guggenheim Museum: The first major American retrospective of Juan Gris' work in 25 years includes 80 paintings, drawings and collages. Known as one of the Cubist masters, Gris started painting seriously in 1910 and went through several modifications of Cubism toward broad coloured planes and still lifes in front of windows before his death at the age of 40 in 1927. Ends July 8.

PARIS

Masterpieces of American Painting 1760-1910. More than 100 paintings – among them Whistler's Mother, Sargent's Madame X and Mary Cassatt's Impressionist work – span 150 years of American creation. The panorama of realistic portraits, dramatic landscapes, genre scenes and symbolist paintings culminating with Homer and Eakins and proves abundantly that the New World did not have to wait for the contemporary period to affirm a powerful identity of its own. Grand Palais (2615410). Closed Tue. Ends June 11.

ITALY

Venice: Palazzo Fortuny: Hollywood Photographers 1921-1941: More than 100 photographs, not all flattering, of well-known actors and actresses. Ends June 24.

Rome: *Museo Pigorini:* "The First Inhabitants of Europe," an exhibition from the Musée de l'Homme in Paris tracing the history of modern European Man from the earliest fossils proving the existence of "homo erectus". Until July 15.

Venice: Amid continual justified complaints about the impossibly short and inconvenient opening hours of most Italian museums and art galleries, the Guggenheim Collection, from having been one of the least accessible, has become the most – and will now be open every day (except Tue) from 12 to 6 pm (also Sat from 6 to 9 pm free of charge). The Saturday evening opening is the result of an agreement between the Solomon Guggenheim foundation of New York and Montedison.

VIENNA

The Cliché and the reality of Viennese women in their fight for emancipation at the turn of the century. Hermesvilla, Lainzer Tiergarten. Until March 1985.

The Royal Academy: 216th Summer Show – by tradition the event that brings in the London Season, and the middle classes in their masses. It is always something of a muddle, as would be any show of many hundred works chosen from several thousand sent in. This year, with 1,757 from more than 12,000, the Summer Show is the largest ever. But it is still enjoyable, if you can take the terrors as they come, and make the effort to look for the very many good things by Academicians and outsiders alike. The Academy's membership has been gaining in strength over many years, and now has rather more than a fair claim to occupy the centre of the British Art Stage. Peter Blake, Eduardo Paolozzi, Allen Jones and John Hoyland are only some of the most recent elections. Ends August 19.

LONDON

The Hayward Gallery: English Romanesque Art 1066-1200 AD – a dense and weighty exhibition in every sense, perfectly self-explanatory nevertheless, quite magnificent and altogether a revelation. It treats on the sculpture, architecture, fine craft and illumination of England at a most particular and crucial period. Ends July 8.

WEST GERMANY

Essen, Villa Huegel: the former residence of the Krupp family, now an arts centre, presents treasures from Peru – among them more than 500 priceless exhibits never shown before outside the country. The 800 artefacts, from 2,000 BC, beautifully document Peru's cultural development. Ends June 30.

Stuttgart, Staatsgalerie: 500 graphical masterpieces from the 15th century to date are shown here on the occasion of the opening of the new house. Ends June 10.

Cologne, Kunsthalle, 1 Josef-Haubrich-Hof: More than 200 paintings, drawings, graphics and sculptures – chiefly from his later working periods – by Max Beckmann (1884-1950), one of the German painters persecuted by the Nazis. Ends June 24.

CHICAGO

Museum of Contemporary Art: Italian sculptor Giuseppe Penone concentrates on the interaction of man and nature by, for instance, growing potatoes in moulds of his sensory organs and then casting the agglomeration in bronze. The artist will create a 20 foot drawing on one wall of the museum that will be erased at the end of the show. Ends Aug 8.

WASHINGTON

German Expressionist Sculpture (Hirshhorn): This is the first comprehensive look at works in plaster, bronze, wood and porcelain from the first two decades of this century in Germany. Included *in the show of* 33 artists and 120 sculptures are Max Beckmann, Emil Nolde, Wilhelm Lehmbruck and Ernst Barlach. Ends June 17.

Mark Rothko (National Gallery): 86 works on paper by a leading contemporary American artist begin a national tour with this exhibit in the East Building. The highlights are vivid watercolours from 1968 and 1969, a period when Rothko's canvases were already tinged with the sombre browns, blacks and greys that anticipated his suicide in 1970. Ends August 5.

Opera and Ballet

VIENNA

A week celebrating the work of Austrian composer Alban Berg includes a revival of Wozzeck conducted by Caspar Richter with Armstrong, Jahn and Berry at the Staatsoper on Monday and Thursday (53240/2655) and a Berg ballet evening with a lyrical suite, choreographed by Jochen Ulrich; Three Orchestral Pieces, choreographed by Forsythe; and Violin Concerto Lullaby choreographed by Jiri Kylian, conducted by Lorin Maazel with the Vienna String Quartet and State Opera Ballet on Tuesday and Wednesday.

Volksoper: Franz Bauer-Theussl conducts Strauss' Wienerblut on Tuesday (5324/2657).

ITALY

Rome: Teatro dell'Opera: Debussy's Pelleas et Melisande (La Scala production) conducted by Jean-Marie Auberson with Christopher Cameron, Anne Marie Rodde and Ortrun Wenkel. (46.17.55).

Milan: Teatro all Scala: Mozart's Lucio Silla conducted by Sylvain Cambreling and directed by Patrice Chereau (a co-production with the Théâtre Nanterre 'Amandiers' and the Théâtre Royal de la Monnaie in Brussels. Every evening except Mon (80.91.26).

Milan: Palazzo dello sport: Dionysos danced by the Ballet du Siecle choreography by Maurice Béjart and costumes by Gianni Versace.

Turin: Teatro Regio: Cosi fan tutte conducted by Zdenek Macal. Directed and with scenery and costumes by Sylvano Bussotti. (54.80.00).

WEST GERMANY

Berlin, Deutsche Oper: Der Troubadour is a Herbert von Karajan production. La Traviata stars Piero Cappuccilli and Lucia Allberti. Der Barbier von Sevilla features Catherine Gayer and Donald Grobe. To commemorate Wagner's 100th anniversary Der fliegende Holländer is offered with Hermann Winkler and Janis Martin in the leading parts. (34381).

Hamburg, Staatsoper: Zar und Zimmermann is a well-done repertoire performance. Ariadne auf Naxos is perfectly cast with Janis Martin, Daphne Evangelatos and Franz Ferdinand Nentwig. Der Freischütz is steered to triumph by Lisbeth Balslev in the part of Agathe. Der Rosenkavalier brings together Judith Beckmann and Hans Sotin. La Bohème, sung in Italian, has fine interpretations by Beatrice Haldas and Denes Gulyas. (351151).

LONDON

Royal Opera, Covent Garden: Tosca, revived in the now sadly dowdy Zeffirelli production, serves to introduce the Italian soprano Mara Zampieri and the Mexican baritone Guillermo Sarabia to London. Giacomo Aragall is Cavaradossi, and Robin Stapleton conducts. Further performances of the glossy new Aida, conducted by Zubin Mehta, with a cast led by Katia Ricciarelli and Luciano Pavarotti. (240 1066).

Sadler's Wells Theatre: the Gilbert and Sullivan festival put together by New Sadler's Wells Opera continues with performances of the new HMS Pinafore alongside the Gondoliers and Mikado productions of recent NSWO seasons. (278 8916).

Chelsea Opera Group Chorus and Orchestra conducted by Antony Shelley in a concert performance of Verdi's *Macbeth* sung in Italian. Barbican Hall (Tue). (638 8891).

PARIS

Merce Cunningham dance company succeeds, in spite of its revolutionary refusal of a story or a connection between music and movement, in fascinating its aficionados by the sheer perfection of its superb dancers. Théâtre de la Ville (274 2277).

Iphigenie en Tauride alternates with Soirée Stravinsky conducted by Ezio Florato/Claude Schnitzler, choreography by George Balanchine, Paul Taylor, Kenneth MacMillan and Niels Christe at the Opéra de Paris (742 5750).

NEW YORK

American Ballet Theatre (Metropolitan Opera House): Ends June 16.

New York City Ballet (New York State Theater): 37 repertory works, including 24 by George Balanchine and 10 by Jerome Robbins, comprise the spring season featuring this week Stravinsky's Violin Concerto and I'm Old Fashioned. Ends June 24. Lincoln Center. (870 5570).

Luciano Pavarotti as Radames in the new production of Aida at the Royal Opera House, Covent Garden.

Music

WEST GERMANY

Hamburg Opera: A Gala concert with Montserrat Caballé and the Opera orchestra conducted by Julius Rudel. Rossini, Spontini, Cherubini, Wolf-Ferrari, Bellini and Verdi (Thur).

Frankfurt, Alte Oper: Frankfurt's Alte Oper is staging a Mozart festival from June 9 to 14. Musical director is Sir Georg Solti. The programme offers a concert with the European Chamber Orchestra and the Mozart specialist Kiri Te Kanawa (Sat, Sun). Further contributors are the Melos Quartet accompanied at the piano by Sir Georg Solti (Mon), and a Janet Baker lieder recital with Mozart, Cavalli, Monteverdi and Haydn accompanied at the piano by Geoffrey Parsons (Tue). The European Chamber Orchestra with violinist Anne-Sophie Mutter rounds off the week (Wed, Thur) ticket-office (0611/1340-405/406).

PARIS

Paul Kuentz choir and orchestra: Charpentier, Bach, Mozart (Tue), Saint-Severin Church (633 8781).

Sodergren, piano: Brahms, Beethoven, Schumann (Tue). Théâtre des Champs Élysées (723 4777).

Michel Debost, flute, Christian Ivaldi, piano: Bach, Poulenc, Franck (Tue). Salle Gaveau (563 2030).

Ircam – Ensemble Intercontemporain conducted by Arturo Tamayo: electronic creations (8.30 pm Tue, Wed) electronic and instrumental creations by Barbara Kolb and Nigel Osborne (9 pm Tue, Wed) Ircam, 31 Rue Saint-Merri (277 1233, ext 4843).

Royal Philharmonic Orchestra conducted by Yuri Temirkanov with Jean-Pierre Rampal, flute. Mozart and Tchaikovsky. Royal Festival Hall (Thur).

Naomi Davidov, piano: From Gershwin to Stravinsky. Purcell Room (Thur).

Ronnie Scott's, Frith Street: Philip Catherine and Christian Escoude, guitars and Didier Lockwood, violin. (439 0747).

Margaret Price, soprano, Norman Schetler, piano: Haydn, Britten and Spanish songs by Guridi, Turina, Obradors (6.30pm Tue, Wed, Thur). Théâtre de la Ville (274 2277).

Ensemble Orchestral de Paris with Jean-Pierre Wallez as conductor and soloist, Tasso Adamopoulos, alto, Frederique Cambreling, harp, Catherine Cantin, flute: Debussy, Murail, Mozart (Wed). Salle Gaveau (563 20 30).

Claudio Arrau, piano: Beethoven, Liszt (Wed). Salle Pleyel (56 106 30).

Jazz Vivant: quartet Wild Bill Davis, Guy Lafitte, Quatuor de Trombone de Francois Guin (Thur 8.30pm). Radio France, Auditorium 105. Admission free.

Remy Loumbrozo, Arianna Goldina, piano duo. Corigliano, Schumann, Stravinsky, Mozart, Milhaud, Ruiz-Pipo, Ravel (Thur). Salle Gaveau (563 20 30).

Alfred Brendel, piano: Haydn, Schubert (Thur). Salle Pleyel (56 106 30).

LONDON

Nathan Milstein, violin, and Georges Pludermacher, piano. Bach, Beethoven, Paganini and Franck. Royal Festival Hall (Mon). (928 3191).

London Sinfonietta and BBC Singers conducted by Diego Masson with Adrienne Csengery, soprano. Roberto Gerhard, Finnissy's Ngano (first performance), Boulez and Gyorgy Kurtag. Queen Elizabeth Hall (Tue). (928 3191).

Philharmonia Orchestra conducted by Vladimir Ashkenazy, piano. Ravel, Mozart and Beethoven. Royal Festival Hall (Wed).

London Symphony Orchestra conducted by Alun Francis in aid of the British Olympic Appeal in the presence of Princess Anne. Elgar, Britten, Holst and Ireland. Barbican Hall (Wed). (638 8891).

NEW YORK

New York Choral Society (Carni Hall): The 24th summer event in which audiences are encouraged to participate (even lent a score) features this week Dino Anagnost conducting the Orpheon Chorale singing a *programme of Mozart and Orff* (Tue) and Walter Klauss conducting the All Souls Unitarian Church in a programme of Puccini and Rossini (Thur). 57th & 7th Av (873 0096).

VIENNA

Alfred Brendel plays Schubert piano sonatas on Tuesday at the Musikverein (65 81 90).

Wolfgang Schulz, flute, and Elisabeth Leonskaya, piano. Mozart, Prokofiev and Franck. Musikverein Brahms Saal (Wed).

Vienna Hofburg Orchestra conducted by Gert Hofbauer. Waltzes and operetta music. Konzerthaus (Thur) (72 12 11).

Theatre

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm, a full-blown performance from Ellen Greene and an exotically expanding man-eating prickly plant. (930 2578).

Pack of Lies (Lyric): A decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Serjeant Musgrave's Dance (Old Vic): Notable cast headed by Albert Finney, Eileen Atkins and Max Wall in a limited season revival of John Arden's fine play. (928 7616).

Pygmalion (Shaftesbury): Peter O'Toole is ridiculously mesmerising as Higgins in an otherwise coarse revival of this resiliently entertaining play. John Thaw is a robust Doolittle, Joyce Carey a fragile Mrs Higgins, Jack Watling a compliant Pickering, Jackie Smith-Wood an earthy but dubiously Cockney Eliza. (836 6596).

Benefactors (Vaudeville): Michael Frayn's third play in London – *he also has Noises Off* and his Anouilh translation, *Number One*, at the Queen's – is a deft, menopausal comedy about love among the architects as the bottom drops out of the high rise boom in the early 1970s. Michael Blackmore's case are Patricia Hodge, Oliver Cotton, Tim Pigott-Smith and, best of all, Brenda Blethyn. (836 9988).

Starlight Express (Apollo Victoria): *Andrew Lloyd* Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rusing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

Measure for Measure (Barbican): Juliet Stevenson as Isabell confirms her promise as the RSC's brightest young actress, a worthly successor to Ashcroft and Dench, in Adrian Noble's resplendent production. (628 8795).

Strange Interlude (Duke of York's): Glenda Jackson leads a superb revival by Keith Hack of O'Neill's five-hour threnody of sexual lament. The *famous interior monologue device is* turned brilliantly to stylistic advantage. *Fine* acting too from Brian Cox, Edward Petherbridge, James Hazeldine. (836 5122).

NEW YORK

Romeo and Juliet: Joseph Papp's Shakespeare Festival is performing in the city parks this year the Riverside Shakespeare company's version of Heartbreak in Verona. All performances free with the encouragement of bringing a blanket and picnic. (877 6810).

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6262).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the apropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000).

Three Moscowteers (Goodman Mainstage): The juggling Karamozov Brothers have adapted their own version of Dumas to post-Revolutionary Russia with a troupe of jugglers and vaudevillians. Ends July 8. (443 3820).

WASHINGTON

Henry V (Folger): Philip Kerr directs the resident acting company led by Edward Gero as the charismatic Henry to the field of Agincourt, facing John Wylie as King Charles. Marjory Wright, the wife of the British Ambassador, plays Mistress Quickly. Ends July 1. (546 4000)

Happy End (Arena Stage): The final production of the subscription series is the Brecht-Weill musical with a cast of 24 directed by Garland Wright. Originally the sequel to Threepenny Opera, set in Chicago in 1919, it stars Marilyn Caskey as the Salvation Army soul saver. (488 3300).

Jerry's Girls (Eisenhower): *After so* many revivals of Hello Dolly, singer Carol Channing and songwriter Jerry Herman have found a new package for this fruitful collaboration. (254 3670).

Cinema/Nigel Andrews

Feminism fuels the drag

Heart Like a Wheel, directed by Jonathan Kaplan
Another Country, directed by Marek Kanievska
Real Life, directed by Francis Megahy
To Begin Again, directed by Jose Luis Garcia
The Man Who Loved Women, directed by Blake Edwards
The Last Winter, directed by Rik Shelach
For Love or Money

In *Heart Like A Wheel*, the story of U.S. drag racing champion Shirley Muldowney, retroactive Women's Lib rides again. Once the cinema gets hold of a fashionable political creed and likes the feel of it—or else *realises it can't ignore it—it* starts to find illustrations in everything. Feminist prototypes have been charging out of the woodwork of history recently from turn-of-the-century Jewish transvestites (*Yentl*) to 1970s union activists (*Silkwood*).

Shirley Muldowney (*Bonnie Bedelia*) was three times world champion drag-racer between 1977 and 1982, the only woman ever to reach such heights in a four-wheel sport. *Drag-racing* is not Formula One's answer to Hinge and Bracket, but the sport of competitive hot-rodding in long lean do-it-yourself cars that look like stick insects on wheels. Miss Muldowney began *scorching* the macadam in the mid-60s, before Women's Lib as an institutionalised creed had even moved into starting position. But this lively biopic *a thèse*, written by Ken Friedman and directed by Jonathan Kaplan, steeps her regardless in retrospective Feminism so that we can all cheer at and learn from her courage.

The good news is that the film as narrative is put together like a perfectly tuned engine. There are few stutters or misfires as we watch the black-tressed Bedelia, with her wax-smooth pretty features like a kewpie-doll Sandy Dennis, advance through ever more souped-up four-wheelers as she moves from humble amateur races on abandoned airfields to the NHRA (National Hot Rodding Association) world championship itself. She also advances through ever more souped-up men: chiefly husband-mechanic Jack (Leo Rossi), thrown over when he can't keep up with her own vaunting ambition, and slap - happy, *puppy* - faced engine wizard Connie Kalitta (Beau Bridges) who becomes first her mechanic and lover and then, after another rupture, her chief rival on the course.

The bad news in the movie, revving along on an adjoining track, is that the pompous male establishment and m.c. pig drivers who resist her rise are set up as so many coconuts in a shy, for our heroine to dislodge with her whirlwind defiance or for us to scorn with our hindsight liberalism. "Hey, why don't you cook me some bacon and eggs?" shouts a sample toughie as Shirley darts about among drivers trying to gather signatures to qualify her for her first race. And elsewhere cries of "little lady" and "housewife from Schenectady" dot the story, like cues for all us wise-after-event feminists (who of course weren't around much at the time) to go "Tut tut" or "Tsk tsk."

But the sheer panache with which the film powers both its propaganda and its plot finally conquer all. Kaplan, a horse reared in the Roger Corman stable of action-quickie cinema, has a real sense of rhythm and rubato: when to jangle us into laughter (roly-poly movie-maker Paul Bartel guest-appears as a TV French chef plying Muldowney for her favourite recipes), when to make us catch our breath (with a couple of brilliantly staged on-course accidents), and what to do betweenwhiles to make a human story out of a piece of feminist Holy Writ.

Bonnie Bedelia in "Heart Like a Wheel"

Parrots, as you know, being suggestible birds, have only to have a dark cloth thrown over their cage to think it's night and start going to sleep. The film of *Another Country* has flung a dark cloth over Julian Mitchell's stage play about the schooldays of Guy Burgess (here called Bennett), photographing it in swathes of Caravaggio gloom, and exercises a similarly sedative effect on the characters. On stage the public school setting where the two thick-as-thieves senior boys Bennett and Judd fought out their different teenhood obsessions, homosexuality and socialism, was an arena for epigrams, self-dramatisation and passionate wit.

On screen the fight seems to be taking place in poor light and slow motion, with a bid to substitute a spoken-thought style for stage extroversion, as if the flower of our youth were being educated during a prolonged power cut and in the *penseroso* style.

The Polish-born director Marek Kanievska clearly thought that the play's verbal flourishes and acid rhetoric would seem overlarge on the movie screen. And he's probably right. But for too much life he's substituted too little. There's a cataleptically inauspicious prologue-and-epilogue device in which we meet the many-decades-on Bennett (Rupert Everett), now wearing rhino-textured old man make-up in Moscow and being interviewed by a girl reporter to whom he appears to have nothing to say but banalities. And betweenwhiles we whisk back to St Caravaggio's, where only Everett's dark, magnetic throttle-voiced hero, a gay blade who preserves his Byronic line in romantic agony even when underplaying, stands out from the gloom.

Removed completely from the original stage *dramatis personae* (by *Mitchell himself* who wrote the screenplay) is the visiting VIP, a sort of proto-Blunt, whose epicene epigrams in Act 2 helped stroke Bennett's rebellious fires. And newly and dubiously added are the love of Bennett's life, Harcourt — formerly only spoken of and now introduced in person to help "open out" the play with a restaurant tryst and some cuddling in a punt — and Anna Massey as Bennett's Mum; plus the aforesaid interviewess in Moscow. The hitherto all-male cast, a crucial component of the play's sexual and psychological claustrophobic has yielded ground, presumably at the trumpet call of box-office imperatives.

Anna Massey and Rupert Everett in "Another Country"

The film, though, can give itself a consolation back-slap on three counts. Everett's charismatic Bennett: Peter Biziou's striking dark-velvet cinematography, which when it's pointed towards a more appropriate *story and setting may wow* many eyes: and the fact that though the play's fire has been dampened, so, happily, has some of its glibness. Not least the penny-in-the-slot psychology of the stage ending, where Bennett, harrowed to the hilt by the hierarchies around him, picked up *Das Kapital* and started, historically, to thumb. In the film Bennett's last Moscow-marooned words, "I miss the cricket," have a quieter touching tang.

*

Rupert Everett surfaces again, far less buoyantly, in *Real Life*. Francis Megahy directed and co-wrote this paralytic *British comedy about a* young Walter Mitty (Everett) and his flair for sowing wild stories in the Press despite the wold-be improving influence of girlfriends Christina Raines and Catherine Rabett. The jokes run to such high-chortle-count ribticklers as: Everett, "I've been spending a lot of time with the Press recent" — Friend, "What, on your trousers?" And Everett himself, the hair *given a Lothario cowlick and* the open mouth resembling a guppy in pain, has the lost and hungry look of one who has bitten off far less than he can chew.

*

Elsewhere, the week is one that should be marched through with a brave and Spartan smile even as the fox (or the Columbia or the Paramount) gnaw at one's vitals. *Jose Luis Garci's To Begin Again* won the *Best Foreign Film* Oscar last year, which proves that miracles still happen and can be pretty mystifying when they do. A cancer-doomed Nobel Prize winner (Antonio Ferrandis) returns to Spain to rediscover his first sweetheart, to recall happier times and to whisper sweet nothings in her ear: though how she can hear them through the film's clamorously saccharines *music track eludes me*. Leloucherie Spanish-style, long, loopy and resistible.

In Blake Edwards's *The Man Who Loved Women* Burt Reynolds and Julie Andrews get together to remake Truffaut's comedy of that name about a compulsive ladykiller and his ladies. The homage is as perversely faithful as one could ask, since the original was Truffaut's worst movie in *modern memory* and this is Edwards's.

Riki Shelach's *The Last Winter* has a bold and buttonholing idea: the relationship, growing from hostility to love, of two Tel Aviv women who claim to recognise the same man as being their missing husband in a news film of Israeli PoWs held in Egypt. But the seed of a good story is thrown to the winds of rhetoric, bad acting and unspeakable production values. (Tremble at the false beards sported by the returning PoWs.)

Finally, *For Love or Money* is a feature-length documentary about the history of the Women's movement in Australia. There may be an interesting movie to be made on the subject, but this movie is not that movie. The soundtrack is relentless, the editing is implacable, the message is sledghammer,

The Jail Diary of Albie Sachs/Young Vic Studio

Martin Hoyle

Longer shanks than mine might feel constricted, but the Young Vic's new Studio Theatre is handsome, comfortable and compact. David Thacker's Lancastrian new broom sweeps clean with a taut and compelling production of the play David Edgar fashioned from the re*collections of the most* articulate victim of South Africa's 90 Day Law.

The work is far more varied than one might fear extended into a full-length theatre piece. The radical Afrikaans lawyer assumes a role somewhere between a Kafka hero-victim and Alice in Wonderland as, shuttled from prison to prison, freed and immediately re-arrested, he encounters captors and interrogators of varying unpleasantness—and ridiculousness.

Among the latter Michael Cronin's Bible-quoting Boer, justifying racial segregation with artlessly sincere reference to the Old Testament (though conceding that the good book's estimate of the date of Creation is 300 years out), sums up the evening's painstaking humanity by emerging as stubbornly, misguidedly, frighteningly likeable. More sinister are the three Special Branch interrogators, appearing once as dream figures, like Becket's tempters from *Murder in the Cathedral* in reverse, to urge Albie not to *make a martyr of himself* in his obstinate silence.

Theirs the avowed aim to break his dogged creed of hating the whip "but not the men who wield it"; and here the unexaggerated menace of even a pipe-smoking Anglo-Saxon officer ("Scratching already?" he enquires affably; "quite the convict!") gives Albie's statement that "men are good and *fine and splendid*" a desperate, gallant pathos.

In his cell, defined by a square of white marking-tape, the prisoner's three minutes of silence feel agonisingly longer. Only the final dialogue between a black comrade and Sachs, bitter at having finally broken under duress, seems over-protracted. Otherwise this strong production provides an immensely distinguished opening for the Studio. Above all, it enables London to see Matthew Marsh as Albie. In his contained energy, controlled strength, and the intelligence that transforms a passive victim into the most active person on stage, this tremendously promising young actor should, and will, be seen much more.

Alastair Muir

Matthew Marsh

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No cause for complacency

UNTIL THIS week the Third World debt crisis had been casting an ever-lengthening shadow over economic recovery and the London summit. Now, courtesy of the Federal Reserve Board, and international banking community, the IMF and the governments of Mexico and Argentina, this shadow has been lifted. That, at least, is what the summit leaders appear to think.

As President Reagan and Mrs Thatcher agreed at their pre-summit talks, countries like Mexico, which had applied "discipline," were doing well and returning to the "free market approach." Private bankers and officials of the Fed and the IMF, meeting this week in Philadelphia, have resolved to offer Mexico a new kind of multi-year rescheduling as a reward.

Mexico's performance is indeed impressive. Its current account, excluding interest payments, should produce a surplus of between \$10bn and \$12bn this year. This should be sufficient to cover almost the whole of its \$12bn interest bill. The \$3.8bn of new money it has borrowed from international banks will be available to replenish its foreign exchange reserves. Next year, the hope is that no new money at all may be required for Mexico to pay its way. And now that the banks have held out the prospect of a multi-year rescheduling, stretching to 1987 or beyond, even the dreaded "hump" in capital repayments, which will rise from \$4bn to \$24bn a year after 1986, may be pushed out into the indefinite future. Mexico, in short, could once again become a "bankable proposition."

Transformation

Furthermore, Mexico is not alone in achieving an extraordinary transformation in its debt-servicing ability. Brazil should produce a current account surplus, excluding interest payments, of around \$8bn this year, compared with an interest burden of \$12bn. Argentina, too, should be able to cover about two thirds of its \$5bn interest obligations out of the surplus on its current trade. Better still, the huge trade surpluses which are making debt servicing possible this year are likely to persist or even grow, as long as present economic policies are continued. The adjustment process orchestrated by the IMF for the three biggest Latin American debtors will transform their combined trade deficits of \$4.5bn a year in 1979-81 into surpluses of around \$25bn annually for the rest of his decade.

But the success of the present adjustment programmes may prove as illusory as the bubble of confidence which kept international banking aloft in the years before the debt crisis. The idea that "austerity" or "discipline" alone will be enough to pull the debtor countries (along with their bankers) out of effective insolvency is about as realistic as the slogan, so popular in the banking set of the 1970s, that "a country can never go bust."

The present combination of rescheduling and adjustment has so far proved only one point: that the debtor countries are physically capable of producing the surpluses required to pay the interest on their debts. But sovereign lending raises another question, which the summit leaders are in danger of forgetting only two weeks after it precipitated a near-record collapse in financial markets throughout the world. The lender to a sovereign state must consider not only the borrower's ability, but also his willingness, to pay.

Surpluses

In the year ahead, the issue of willingness to pay is likely to capture the limelight. Major debtors will take stock of the prospects for their domestic economies, now that the external balance-of-payments adjustments are more or less complete. The criteria by which these countries judge their own performances will shift from trade to employment and growth. Countries like Brazil, which can foresee no growth in per capita income until 1987 or 1988 on the basis of current policies, will not be satisfied with producing vast trade surpluses, however pleasing these may be to the bankers or even the IMF.

If rising interest rates or a worldwide economic slowdown threaten to rob the debtor nations even of modest hopes for growth, then even the more successful countries, like Mexico, could find it hard to resist the populist calls for complete or partial default. The huge trade surpluses these countries have built up, and the reserves which they have begun to accumulate, will make a more robust approach to the bankers a realistic possibility in a way which it was not in 1982.

Can the summit leaders confidently assure the world that a powerful economic recovery will be sustained, not just this year and next, but for most of the rest of the decade? Can they be certain that interest rates will rise no further in this period? Can they guarantee that there will be no new protectionist barriers erected—even against debtor countries which are forced to subsidise exports and discriminate against imports in their desperate attempts to generated permanent trade surpluses of a magnitude unprecedented in the post-war world? Only if they can honestly and unambiguously answer all these questions in the affirmative are the summit leaders justified in their collective complacency about the future of the Third World debtors and the stability of the international financial system on which the whole world's prosperity rests.

Consensus at risk in Germany

THE ENGINEERING strike in West Germany has reached a critical stage: four weeks after IG Metall, the engineering union began shutting down the motor industry in support of its claim for a 35-hour week, both sides are beginning to show some signs of flexibility.

Whether the way is opening towards a settlement—let alone what that settlement will be—remains to be seen. What can be said is that if current efforts at a settlement do collapse, there is a danger that the dispute will turn into a prolonged phase of trench warfare.

Neither party to the dispute has an interest in that happening. The damage so far inflicted by the strike is likely to prove limited. No wave of bankruptcies has been reported. Since the economy was not at full stretch when the strike began, capacities should be available to catch up once the strike is over. But that picture would change if the strike were to be greatly prolonged. At any rate the makers of mass produced cars cannot count on their customers waiting indefinitely for deliveries.

High unemployment

Duration and immediate cost of the strike are short-term issues. More interest attaches to the long-term question of whether the German social consensus is crumbling.

What marks this strike out is that it is occurring at a time of high unemployment, when the benefits of the established way of doing things are not as apparent as they have been in the past.
when the Social Democratic Party, with its close links in the trade unions, is in opposition.

The temptation must have been strong for leaders on both sides to turn the struggle about working hours into a full-scale trial of industrial strength. In the present phase of the dispute wild talk has been subsiding. It would profit neither party if a hardening of the fronts were to worsen tempers and bring about a permanent deterioration in the German industrial climate. Nor would Germany's competitors have reason to cheer: German prosperity is too important an element in the prosperity of Europe at large.

A main reason for hoping that moderation can prevail is that neither IG Metall nor the employers are clinging to irreconcilable attitudes of principle. The employers have made proposals which would shorten the working week for selected groups of workers; the union has departed from its initial demand of an immediate cut from 40 to 35 hours.

The union's retreat is crucial. Theoretical work done in Germany and elsewhere and the experience of some countries such as the Netherlands suggest that phased cuts of the working week, such as now proposed by the union, will not create more employment.

If the cuts are phased, the employers will in general be able to overcome the loss of hours worked by increasing productivity. Put another way, the balance of costs as between labour and capital will have altered to the disadvantage of labour. In the worst-case scenario a union might try to resist such a shift by obstructing rationalisation. Doing so would be an almost unimaginable breach with the habits of post-war German trade unionism. It would also be a piece of foolhardiness in the face of the challenge of Japan.

AFTER THE GOLDEN TEMPLE BATTLE

A crucial test for Mrs Gandhi

By John Elliott in New Delhi

"BHINDRANWALE, Khalistan. Bhindranwale, Khalistan," shouted a crowd of 20 or 30 young Sikhs, leaping up and down in a tightening circle round me, waving their fists in the air.

"Sssh, he's a foreign journalist. Let's talk to him properly," said one. "Mrs Gandhi has used the majority to crush the minority in the Golden Temple. We are the Sikh warrior class and we'll fight back. Khalistan, Khalistan."

The scene was the road outside the Sikhs' main temple in New Delhi on Wednesday night, marking the start of the sanctification by Sikh youth of Sant Jarnail Singh Bhindranwale, the 38-year-old extremist leader whose dead body was found a few hours later in Amritsar's Golden Temple. Khalistan is the Punjab separatists' name for an independent Sikh state.

News had spread quickly about the army's victory at Amritsar in the northern state of Punjab and about the heavy death toll it involved. Three Delhi morning newspapers had published single-sheet afternoon editions in English and Hindi proclaiming: "Army enters Golden Temple. Gun battle with Bhindranwale men."

So the young and militant Sikhs gathered in Delhi, Bombay, and in Kashmir, north of the Punjab, to protest at an astounding army action which few people had believed Mrs Indira Gandhi, the Indian Prime Minister, would ever have the nerve to order inside the Golden Temple complex.

They threw stones, fought police and burned buses. Police sealed off roads round the temple areas. Yesterday the Sikhs returned and staged bigger demonstrations in which some people were killed by police gunfire, marking a violent reaction which Government officials claim should only last a few days.

Meanwhile, the army turned its attention to rural areas of the Punjab in the second stage of its operations against terrorists. However, the pro-government Hindustan Times newspaper put an unrealistically optimistic gloss on the situation when it said yesterday: "The army operation in Punjab will inevitably mark the end of terrorist activity in the state."

The problem for the Government is that there is nothing inevitable about the results of this week's action. Mrs Gandhi's urgent task now is to get a settlement with moderate Sikhs of their religious, political and regional grievances before a new terrorist movement is born out of the current anti-army demonstrations.

For the time being at least, the country is almost totally united behind her. The growing Sikh terrorism—in which over 300 people had died in the past six months—has horrified public opinion. Despite the country's familiarity with violent large-scale demonstrations and death, the start in New Delhi two months ago of a wave of political assassinations by Sikhs sent the same sort of shock waves through the capital city and the Government as hit the UK when IRA bombings first started in London some 10 years ago.

Mrs Gandhi: seeking a way forward in the shadow of the Golden Temple

Yesterday Sikhs in New Delhi—whatever their political views and whether they be successful traders, industrialists, taxi drivers or technicians—were, in effect, in mourning over the battle in their most holy shrine. Many wished the army had not gone in, however much a few days ago they might have condemned Bhindranwale and his supporters, and however much they realised the operation was necessary.

Lt Gen Ranjit Singh Dasal, the 55-year-old Sikh who commanded the operation, said, "We went in not in anger but with sadness. We went in with prayers on our lips and reverence."

It is imperative for Mrs Gandhi to justify the action with a political initiative. She said last weekend in a nationwide broadcast as the army was going into the Punjab that she was ready for talks. It is now possible that these might start within a week or so, if the Punjab has by then substantially returned to normal.

But first the Sikhs' main political party, the Akali Dal, has to review its leadership, including the presidency of Sant Harchand Singh Longowal, a leading moderate, who has been constantly upstaged by Bhindranwale in the past couple of years. He left the Golden Temple voluntarily on Wednesday, in advance of the main action.

India's 12m Sikhs, a fifth of whom live abroad, are a proud stubborn people, highly conscious of their distinctive turbaned appearance and of their history as a warrior class formed when the Muslim moghuls were sweeping through India 300 to 400 years ago.

Their main warrior group, the Nihang Sikhs who provided much of Bhindranwale's support, are particularly self-conscious, wearing bright blue and yellow skirted robes. They always carry spears and swords and traditionally refuse to buy tickets on trains and buses, insisting on riding on the roof.

Devout Sikhs are concerned about their religion's identity becoming lost in an age when many young Sikhs cut their hair, discard their turbans and shave their beards. Some of these have been intentionally or accidentally branded as Hindus and shot by Sikh extremists in recent months.

It is the Sikhs who have carried out the Punjab's "Green revolution," turning it into the granary of India, with wheat production rocketing from 1.7m tonnes in 1960-61 to 9.4m tonnes last year. That growth has given the rural Sikhs a relatively comfortable standard of living, many with radio transistors and televisions, far beyond the dreams of Indian's poorer regions. But the rapid agricultural growth of the past 25 years is dwindling and this realisation had added impetus to the grievances.

But all minority groups in India's 700m population have grievances and feel underprivileged, whether their group is religious based like the Sikhs or Muslims, caste-based like the lower Harijans and scheduled tribes, or linguistic and regional like the Tamils in Tamil Nadu around Madras, and the Maharashtrans in the state around Bombay.

All have reacted at different times to frustrations aroused by India's highly varied and uneven economic development. There have also been greater calls for regional power as education and development have increased political awareness in the 37 years since independence from Britain.

> The call for Khalistan literally means a separate state outside the country, but many activists would like the Punjab to be a Sikh state within India

The riots in Bombay and surrounding cities such as Biwandi three weeks ago involved clashes between Hindus and Muslims, but they were inflamed by economic factors. Local Maharashtrans are jealous of Muslims and Hindus from other areas of India, including the South, who come into their cities to take jobs both for the low paid and well-educated.

The situation there is made worse by Bombay attracting thousands of rural people who assume it to be a mecca. They are poorly paid and live on payments and spare plots of land in bamboo, corrugated iron and cloth covered slum dwellings.

The religious aspect of the Sikh's demands—and the fact that unlike the muslims they have in the Punjab an identifiable home base—has helped to develop their grievances into the fanaticism personified in Bhindranwale.

Although the call for Khalistan literally means a separate state outside India, many activist Sikhs would like the Punjab to be a Sikh state within the country. But no Indian Government could concede that because the independence constitution is based on the country being a secular state.

"People who wanted to live in a religious-based state went off and formed Muslim Pakistan in 1947. Those who wanted to live in a secular state including the Muslims in Jammu and Kashmir and the Sikhs stayed here," says a senior government official.

Several states have been created in response to political agitation since independence. But, after considerable initial debate, they have been based on linguistic not religious lines—the new states of Tamil Nadu, Maharashtra, Gujarat and Punjab, for example each have their own language.

However, these states, and others like Andhra Pradesh, Karnataka and West Bengal, are all united in wanting the Government to devolve more power and change the balance of what in India are called centre-state relations. Most, but not all of these states, are at present administered by parties that are in opposition to Mrs Gandhi's Congress Government ruling from New Delhi. That clash increases the conflict.

India was originally designed in 1947 to be a federation of fairly autonomous States. But that did not fit in with the ideas of the country's first Prime Minister, Jawaharlal Nehru, Mrs Gandhi's father. He wanted to keep control from Delhi, both because he planned a centrally-controlled socialist-style economy and because Congress has always been a national and centralised party.

But Nehru, a skilful politician, managed to balance this centralism by allowing some significant regional political figures to emerge in the States. Mrs Gandhi has never appeared to feel strong enough to allow the States to assume any power, despite the fact that it is during her rule that regionalism has developed.

All she has done is to set up a commission under a distinguished retired judge to look into the subject of centre-State relations. She says — and she repeated it in her broadcast last Saturday — that the Sikh's Akali Dal party are "free to present to it any submissions."

Such statements scarcely impressed Bhindranwale. But the Government now hopes that with his direct personal influence gone, the moderate Sikhs will feel free to adopt a more conciliatory stance on this and other issues.

The Government has already conceded various religious demands. These include: the sale of alcohol and tobacco being banned around the Golden Temple; Sikhs being allowed to carry their ceremonial Kirpan daggers on Indian airline flights; and Sikh prayers being broadcast on All India Radio from the Golden Temple. The Government has also agreed to introduce legislation on the protection of Sikh temples and to consider amending the constitution to make the Sikh's distinct identity clearer.

This leaves two other key economic demands which involve obtaining joint agreement with adjoining states. The first is making Chandigarh, the provincial city planned by Le Corbusier near the foothills of the Himalayas, the capital of the Punjab only, ending its shared capital status with the neighbouring state of Haryana.

The second dispute pits the Punjab against Haryana and another neighbouring state, Rajasthan, and concerns drawing rights on river water, a key factor in an agricultural area seeking continued expansion.

In all this Mrs Gandhi has to keep her eye on the next general election, due to be held by January. She has suffered some electoral setbacks and desperately needs to keep as much support as possible among the Hindus who make up about half of the Punjab's population and almost all of Haryana's and Rajasthan's.

The Sikhs, for their part, may not be electorally vital, but they are one of India's most distinctive and successful minorities. The country will have to find a way to accommodate their pride and frustrations if the call of "Bhindranwale, Khalistan" is not to become a catalyst for extremist groups elsewhere.

Men and Matters

Mobil's men on the move

Allen Murray's appointment as president of Mobil Corporation, the second biggest U.S. oil company, came as little surprise to oil industry analysts. But most believe that the race for the top job at Mobil when Rawleigh Warner retires in 1986 is still wide open.

The 55-year-old Murray bears an uncanny resemblance to his predecessor William P. Tavoulareas, who will step down in November after 15 years as Mobil's number two. Both men are blunt, *pugnacious New* Yorkers who started as accountants with the company and worked their way to the top of an industry still dominated by engineers.

Few international oil companies have been so identified with one personality as Mobil has with 64-year-old Tavoulareas. The son of a Greek immigrant, Tav, as he is sometimes known, is renowned as a tough negotiator; and his experience in the Middle East helped Mobil strengthen its close ties with Saudi Arabia, the main source of its oil.

Murray's early career, too, was spent in the Middle East but in recent years he has been involved in Mobil's refining and marketing operations. The first sign that he was being groomed for one of the top posts came in late 1982 when, in a major reshuffle, he was made president of Mobil Oil, the group's main operating unit.

At the same time, Richard F. Tucker, 57, his closest rival, was appointed president of Mobil's non-oil operations. Tucker, who has worked hard to improve Mobil's public image and who, in many ways, closely resembles Warner, is still considered a possible candidate for the chairmanship.

And James Riordan, also 57, the senior vice-president, finance, may still be in the running.

Tavoulareas, meanwhile, will continue as an employee, director, and member of Mobil's executive committee, reporting directly to Warner. Mobil clearly does not feel able to dispense altogether yet with the services of its most outspoken executive.

Odds on Jamaica

John Godfrey has one bet a year—on the Grand National. But he is fast becoming an international expert on the economics of the gambling industry.

Having sorted out betting in Botswana and the Bahamas, he flies to Jamaica shortly to advise the authorities on setting up casinos on the island.

Godfrey, aged 45, is a partner of Dixon Wilson, the City-based accountants, and has been involved in the affairs of the Gaming Board since 1970.

He was a star witness in the controversial Victoria Club and Playboy Club court hearing in London a few years ago. And he says he ought to know America's offshore islands very well, but "most of my time there is spent in an office. I do see the night life occasionally, but strictly in a professional capacity."

Nothing about the gambling industry has tempted him from his great interest — yacht racing. He owns a boat on the Solent and will be taking part in a New York Yacht Club race in July, in between his island-hopping.

Helping to organise gambling in the Caribbean with thoughts of Mafia involvement and "laundered" money doesn't seem to deter him. "The Jamaican government wants casinos to raise revenue, bring in more tourists and provide more jobs. But obviously one of the things you look at is where the money is coming from."

"Letter from the Prime Minister's office—you'd better eat it when you've read it"

House-bound

Denmark's Prime Minister, Poul Schlueter, sold his suburban villa three years ago—well before he took office—and must by now regret the day dearly. For "the house that Poul sold" has become a cause celebre of Danish politics.

The buyer, Bo Brebol, an official of the Association of Large Landowners, claimed to have discovered so many faults that he demanded substantial reparations from the Prime Minister.

Rats had destroyed insulating materials under the floors, Brebol said. Leaks had damaged timbers, and there was a broken sewage pipe under the kitchen floor.

His complaints were eagerly taken up by the popular Copenhagen newspaper, Ekstra Bladet, which has campaigned for Schlueter's resignation over the affair.

Schlueter has long kept his cool and left the matter to his lawyers. But as an Opposition MP this week called—without success—for a police inquiry into allegations that Schlueter had offered Copenhagen craftsmen "black" money to repair the villa, the Prime Minister admitted that he would like a quick settlement.

But "this is not so easy," he said, "when the other party has demanded Kr1.4m (£101,000) in reparations . . . the sale price was only Kr1.1m (£80,000)."

Schlueter offered to buy back the house for the price he got for it plus an inflation increment. But Brebol has rejected the offer. "I feel that I am practically married to the house after all the trouble I've had with it," he said.

Women's world

However ambivalent the Department of Trade and Industry may be on such sunset industries as steel and shipbuilding, it certainly seems to be sound on its policy towards women.

A week after the announcement that Anne Mueller, a DTI deputy secretary, is to be promoted to second permanent secretary at the Manpower and Personnel Office, comes news of another job for the girls. Colette Bowe, 37, is to succeed John Woodrow as head of information at DTI next month.

Mueller will be the only female permanent secretary in Whitehall but Bowe will not find herself in quite such a singular position. There is already one woman heading the information division of a major Government department—Janet Hewlett-Davies at the Department of Health and Social Security. (Whitehall is not pushing equality too hard. The other 16 departments headed by Cabinet Ministers have all, until now, had male heads of information).

Colette Bowe, who has spent a year working with Michael Heseltine's Merseyside task force, has covered vehicles, shipbuilding and steel during her career at DTI. She reckons it would have been virtually impossible for a woman to have been involved in heavy industry at such a senior level *outside the Civil Service.*

Observer

POLITICS TODAY

Such a cosy relationship

By Malcolm Rutherford

Mrs Thatcher greeting Mr Reagan at 10 Downing Street this week

WHY IS IT that President Reagan and Mrs Thatcher, together again in London for the economic summit meeting, seem to have so much in common that neither would be equally at home with, say, President Mitterrand of France?

In fact, there are some quite marked differences between them: for example, age. Mr Reagan is running for his second term in his 70s; Mrs Thatcher won hers in her 50s. There are also differing attitudes to work; Mr Reagan apparently relaxed, the Prime Minister never stopping.

Even on policy there are some sharpish distinctions. Mrs Thatcher did not much like what the U.S. did in Grenada, and there may be wider differences about Central America and the Caribbean in general. She cannot be entirely happy about Mr Reagan's repeated praise for the New Ireland Forum during his visit to Ireland this week.

On economic policy, too, there is something short of convergence. A rise in interest rates was averted in the last few days, but Mrs Thatcher does not approve of the American deficit. Indeed, the economic approach of the two administrations is in many ways contrary: Mrs Thatcher prefers good housekeeping, while the Americans have gone for supply side economics or old-fashioned Keynesianism, depending what you call it.

Yet it remains that the British Prime Minister and the

Time to look across the Channel

U.S. President go naturally together. It cannot be just a shared language, though that must be part of it. Neither cannot it be entirely that both of them were relative latecomers to international affairs, though that must be part of it as well.

What it comes down to is that they are both populists and, in political terms, radical conservatives with a small "c." You can tell as much about them from their enemies as from their friends.

Mrs Thatcher has never been forgiven by sections of the Tory party for becoming leader, let alone Prime Minister. She is dismissed as the "housewife from Finchley," full of suburban values.

Yet it does not take a moment's objective thought to see that such views must be wrong and emanate from some kind of snobbery. Mrs Thatcher must be one of the most remarkable British politicians of the post-war period. She wins elections. She is a woman Prime Minister in what is still predominantly a male world. Far from her running out of puff, she still stands head and shoulders above her ministerial colleagues, perhaps more so than ever: witness her performances at the press conferences about the European elections or even at Prime Minister's question time.

There is a grudging reluctance—patrician, elitist, intellectual, male chauvinist—to give her any credit whatsoever for anything.

It is the same with President Reagan: ex-B movie actor (would it have made any difference, had it been A movies?), and cowboy. Again, it must be a fiction that he is totally incompetent. No-one could govern California, which has a larger population and a greater domestic product than some European countries put together, without having some interest in power. To go on to become President, and then to seek re-election with every chance of winning, must at least indicate considerable ambition and self-confidence.

Mr Reagan, like Mrs Thatcher, is actually voted into office in democratic elections. Like Mrs Thatcher, too, he seems to have struck some popular chord in an electorate which does not want to vote for old patrician, deferential values, and does not want to vote either for the old Democratic coalition of blacks, unions and the cities in the U.S., or for the mixture of workers and intellectuals, in so far as the Labour Party still represents it, in Britain.

Populism has triumphed, but it is the populism of the growing middle class. Mr Reagan and Mrs Thatcher have exploited it.

Within this, there is perhaps an additional element of snobbishness on the British side. When it comes to foreign policy Americans, particularly West Coast Americans, are judged to be unsophisticated, trigger-happy, unaware of the nuances and grey areas. In other words, they are seen to have all the confidence of the newly rich, without the subtlety that comes from breeding.

Again, it is not true. It was not the Americans who went into Suez or who tried to keep Algeria French. Yet even Mrs Thatcher seems to have picked up a bit of the old world wisdom: the Americans are the indispensable leaders, but they need to be tamed and civilised, otherwise they will lead the world into all sorts of confrontations.

That is the traditional brief of the Foreign Office and Mrs Thatcher has absorbed it, whether consciously or not. Britain must play Athens to America's Rome. The Earl of Stockton, when he was Prime Minister, said that in so many words.

Yet times have changed. The disparity in power between Britain and the U.S. has become much greater. That is so not only in terms of foreign and defence policy; it also applies to the economy, and not just because the U.S. domestic product is so much larger. The Americans have a talent for the creation of new jobs that seems not to exist in Britain.

Mrs Thatcher has noted that many times, but what she has not done is to say how much more similar the British economic and political situation is to that of the continental western European countries than to that of the U.S. The way to adjust to the change in the balance of power between Britain and America would be to seek to build a European alliance, which would lead to a more or less equal relationship.

The Prime Minister seems still to prefer old friends and President Reagan, while spurning her on such matters as Grenada does little to discourage her. In that sense, they are an odd couple, proclaiming to be radical yet in many ways dwelling in the past and without Mrs Thatcher realising that there are frontiers elsewhere.

President Reagan sees the new frontiers up to a point: note his stress on the economic development in the Pacific basin in his Dublin speech this week and the way that American policy has become steadily more Pacific-oriented as power in the U.S. has moved from the east to the west coast. Yet here again it counts against Britain. If America is shifting westwards, Britain ought to be moving eastwards as a counter-balance, at least as far as the Elbe.

Coming back to commonality, however, what Mrs Thatcher and Mr Reagan share is an ability to win elections in a populist style. But there is also a shared problem: that is, especially the second time round, what to do with the victory?

Thatcherism in its second term is already quite different from what it was originally. The Prime Minister has been to Budapest, wants a dialogue with Moscow and is alarmed that the arms race might get out of hand.

Mr Reagan, too, has begun to change. His speech in Dublin gave a strong indication that he would like to resume east-west negotiations, and not only for re-election reasons. Possibly it has taken the latest stage of the Iran-Iraq war to bring it on, but there was an appreciation that without Soviet-American talks the world was becoming dangerous.

Indeed, his readiness to discuss with the Russians the possibility of an agreement on no use of force in Europe signalled one of the biggest diplomatic turn-arounds for many years.

Yet the problem that both Mrs Thatcher and Mr Reagan face is how to resurrect the gods that they themselves have partially destroyed. The patrician or intellectual criticism is right. They were not internationalists, and deliberately not. They did not want to negotiate, at home or abroad, except on their own terms. They were provincials, incapable of looking at the world as a whole with all its grey areas.

It is possible to argue that now one of them is in and the other approaching a second term, they can begin to be statesmanlike and conciliatory. Certainly it would be a reasonable statement that, having restored American military strength, President Reagan can now afford to switch the emphasis to arms control. But not everyone will see it like that: the Russians, for example, or the European left.

Internationalism, even regional internationalism, is by now in a pretty sorry state. Anyone who has been following the reports in the Financial Times on the European elections must have been struck by two conclusions. One is that, in so far as the electorate is interested at all, it is concerned about what it can get out of the Community rather than what it can put in.

The other is that there is not even the semblance of cross-European parties. Everything is national.

When the economic summit is over this weekend, Mrs Thatcher will have to think again about a yet more important engagement: the European Council in Eointainebleau on June 25-26.

Some of the Europeans have already been thinking about it.

Internationalism in a pretty sorry state ..

President Mitterrand's speech to the European Parliament in Strasbourg last month, stressed that it was time for a move towards greater integration, including the diminution of the national veto within the Community.

"How can the complex and diversified entity that the Community has become govern itself according to the rules of the Diet of the old Kingdom of Poland in which every member could block its decisions?"

When a French President begins to talk like that, it is time to look across the Channel rather than just the Atlantic.

Lombard

A sham fight for Strasbourg

By Peter Riddell

The Euro-election campaign in Britain has so far been mainly a private conversation between enthusiasts and the committed, leaving most of the public on the outside.

Most reports suggest that activity and interest have been limited in the big cities, though possibly at a slightly higher level in some rural areas where the recent EEC dairy deal has aroused farmers' anger. Hence many politicians reckon — and it is really only a guess — that turnout is unlikely to be much higher than 40 per cent and could be nearer the 1979 figure of 32 per cent, by far the lowest in the EEC.

Hand wringing

If this occurs there will no doubt be much anguished hand-wringing about what poor Europeans the British are. But the fault lies with the nature of the European Parliament/Assembly and with the politicians themselves.

None of the parties have so far convincingly explained why voters should be concerned about who represents them at Strasbourg. Instead, the campaign has focused more on the merits of domestic politicians.

Labour has unashamedly been fighting a replay of last year's general election, having another go at Mrs Thatcher. And the party appears to have had some success in motivating its activists, at least by comparison with the disasters of 1979.

Achievements

The parties have certainly discussed Europe, but largely in terms of which government in power in London would fight hardest for British interest in Brussels. The title of the Conservative manifesto, "The Strong Voice in Europe," consciously stresses what British ministers have done, and can do, in the council of ministers rather than the achievements of British members at Strasbourg.

The Conservative and Labour manifestos specifically reject any expansion in the role of Strasbourg and defend the existing veto powers of individual governments. Both parties have admittedly trundled out existing MEPs at their Press conferences to explain how important their work is in, for instance, adding to the pressure for an increase in the social or regional fund or for liberalising air fares. But they protest too much; it is all to apparent that the real power lies with the Westminster politicians sitting alongside them. And even at a local level much of the emphasis is on who can get the most Euro-money for a particular area rather than the business of Strasbourg.

The Alliance approach has been only slightly more relevant to the question of whether it matters who is at Strasbourg. Nevertheless, most of the speeches of SDP and Liberal leaders have focused on what British ministers should do to play a more constructive role in Europe.

No involvement

There is nothing necessarily wrong with this emphasis. It merely reflects a realisation by the party leaderships of where the clout lies and what interests the electorate (reinforced by the absence of the usual election coverage on television and in the mass circulation papers).

The problem is that there has never been any mass involvement in what happens at Strasbourg. It is one of those rare examples of a directly elected institution imposed from above rather than created by popular demand. And since its powers are strictly circumscribed no wonder voters are not interested.

The lesson of the British campaign is that as long as political opinion in member states is against any strengthening of the Parliament/Assembly's role, then the elections are bound to be largely a sham. As so often, the level of turnout may be the most important message from the electorate on June 14.

Letters to the Editor

Japanese trade policy

From the Director General, British Footwear Manufacturers' Federation

Sir—Frankly we are appalled by the impression given by your interview (June 7) with Noburo Takeshita, Japanese Finance Minister, as summed up in the heading "Flying the free trade flag." That is hypocrisy beyond belief.

For our industry at least Japan remains by far the most protected developed country market on earth. Its leather footwear market is defended by a near impenetrable three-ring defensive system: quotas set at very low levels; tariffs at 27 per cent over three times higher than our own; and a byzantine, inward-looking distribution system that multiplies the UK ex-factory price of a shoe by between four and five times by the time it is offered to the Japanese consumer.

No one should be duped into thinking that Japan is opening its markets if its Government were to offer, say, a 5 per cent reduction in its tariff. It isn't, and it will take far more than minor adjustments by the Japanese Government for it to do so. It will need nothing less than a revolution in socio-economic attitudes in Japan, and there is as yet no sign at all of this.

Japan has increased its exports to us five-fold this year. That is what open trade means to the Japanese—from Japan outwards, one way only. Japan restricts its imports of leather footwear to one pair per head of population every 200 years.

M. O. Feilden.
72, Dean Street, W.1.

Whey-faced bankers

From Mr R. Grafftey-Smith

Sir,—Mr Farquhar, writing from New York (June 6) attempts to expose the flaws of George Soros' article. His efforts belie the recent whey-faced appearance of the American banking community. To claim that the current inflows of foreign capital are a vote of confidence in the Pentagon and "the general policies of the present regime" is illustrative of the sort of naiveté which will probably win for Mr Reagan the forthcoming presidential election. Viewed from Europe, or more pertinently South America, there is no way the high real rates of interest engendered by trying to get a quart out of a pint pot can be dismissed as the motive power directing that cash flow.

It is worrying to see evidence of such blinkered views from that powerful nation, abrogating any responsibilities for the effects of its policies elsewhere.

But even for the wholly self-centred, in economic terms no man is an island. Confidence in the U.S. financial community has been shaken not merely stirred: the outpourings of like minded politicians gathered here in London, have all the inevitability of a 16-stone man standing on a capless tube of toothpaste.

In much the same way as mothers 50 years ago would advise their newly married daughters, Mr Farquhar invites us to stop complaining about the U.S. budget deficit and "enjoy the high fees earned on our capital exports." In spite of a positional difference, I suspect equally inevitable consequences will follow in nine months' time, when the gestation of this monstrous anomaly will be complete and the duly elected Mr Reagan attempts to put the paste back in the tube.

R. T. Grafftey-Smith.
25 Wormwood Street, EC2.

Petroleum potential

From Mr P. Gaffney

Sir,—I was appalled to read (June 1) your report of statements attributed to Dr David Owen at a Press conference. The figures quoted in the Governments' 1984 Energy Brown Book are probably the most realistic assessment of the country's hydrocarbon potential made by the Government to date, and I am referring to the upper range of figures it quoted. For Dr Owen to describe these as an "elaborate deception" (to quote your words and quotation marks) serves only to mislead the public and to discourage British manufacturers and suppliers from participating in the offshore oil and gas industry. If one believes the words attributed to him, that offshore production will decline from 1985-1986, then it is hardly surprising if British contractors, manufacturers and suppliers refuse to invest in the industry.

It has been my firm contention that the Government of the day has consistently discounted the possible petroleum potential of this country. As early as 1973 for example the Brown Book looked forward only as far as 1975 and placed our oil reserves at a maximum of 2.6bn tons (or close to 20bn barrels).

As a result of geological basin evaluation studies in 1973, we developed some figures for the possible UK offshore oil potential. We were confident enough to publish these figures which indicated a potential of 30 per cent-50 per cent more than the official figures i.e. 26-30bn barrels. By January 1974 we had upgraded this potential as a result of additional geological evaluation to 40bn barrels.

In November 1973 I said that: "It is more than true to say that the North Sea has become a major producing area and attempts to play it down no longer do justice to the existing potential and the many remaining possibilities within the area." Those words are as true today as they were then. Our current projections show, that given a stable fiscal and legislative framework we shall still be self sufficient in oil until well into the next Century at least. These projections are based on detailed technical and economic evaluation studies and are not just statistics.

Much more of our continental shelf has yet to be explored and fortunately this is now being recognised by the Government. Let us continue to encourage our offshore industry—not only in the United Kingdom but in an exporting role — by presentation of the true facts of this country's potential both in terms of our national energy resources and our human resources.

P. D. Gaffney.
Gaffney, Cline and Associates,
Bentley Hall,
Blacknest, Alton, Hants.

The shape of the market

From Mr J. Lewis

Sir, — The Government's broad design for the reorganisation of the Stock Exchange is said to be motivated by the desire to create larger broking units capable of competing internationally. In this it is supported by the larger firms represented on the Stock Exchange Council, who see themselves as primary beneficiaries from this trend.

Most people would see the Government's objectives as laudible if they were capable of realistic achievement. On these grounds there must be strong doubt. The New York market, the model for the Government's theoreticians, serves a population of 233m, well over four times that of the UK, and the U.S. investor is both wealthier and more sophisticated than his UK counterpart.

The revelance of these figures is borne out by a comparison of the published figures: the UK equity market was capitalised at £155.7bn in 1983; the U.S. market at 6.7 times that amount. Equity turnover in the UK in 1983 was a mere 5.3 per cent of the U.S. figure.

The Stock Exchange's reorganisation will not, per se, increase the market's capitalisation, so the question arises just how many large firms the UK market could reasonably support. Here, the omens are not encouraging. Just five jobbing firms transact the bulk of equity business at present and their published accounts bear testimony to the difficulty of making consistent profits in fluctuating markets. It is said that 15 investment houses effectively dominate Wall Street, so translated to this side of the Atlantic the outlook cannot be particularly good for a substantial number of the 18 Stock Exchange firms that have already contracted deals outside the market.

The point that should concern the Government is that the most efficient markets are made from many minds; which is to say that there should always be sufficient players to ensure that someone will take an opposing view. Reducing the number of players leads to greater difficulty in dealing, and increasingly volatile markets. Even then, the biggest of these new megabrokers may be small fry by international standards.

J. G. Lewis.
Seymour Pierce and Co.,
10, Old Jewry, EC2.

Women and careers

From the Managing Director, Executive Search

Sir,—An executive who opts to bear a child, an opportunity not open to men, becomes a mother. Physiology has specified the nature of the maternal role and the relationship to the child which, if the child were asked and given priority, should continue to be direct and close for 5-7 years. In short, the mother should stay at home at least for that period.

If a mother does not recognise her direct responsibility and duty, she is not showing good judgment, a hallmark of the top executive. If she does, she interrupts her career.

On the other hand, perhaps the spread of feminist denial of the natural law explains why women do not often reach the upper limbs of the executive tree; they are being encouraged to revolt against their nature, an attitude inimical to fulfilment, personally and professionally, which leads to frustration.

J. M. Reid.
8a, Symons Street,
Sloane Square, SW3.

FINANCIAL TIMES

Friday June 8 1984

ENI hopes to raise $1bn with share issue and sales

By Alan Friedman in Milan

ENI, Italy's state energy holding group, hopes to raise about $1bn from the injection of private capital into several of its companies and from asset disposals over the next three years, says Professor Franco Reviglio, its president.

Prof Reviglio was speaking after the formal announcement in Milan yesterday of a L124.5bn ($74.8m) issue for ENI's Saipem oil and gas pipe laying and drilling company. Saipem will next month offer 30m shares priced at L4,150 on the Milan bourse, representing 20 per cent of the company.

Dr Mario Gabbrielli, ENI's finance director, said the Milan share offer would be followed next April or May by an issue of up to another 10 per cent of Saipem on the New York Stock Exchange. This is believed to be the first such offer by an Italian state-controlled company.

The New York issue, according to Dr Gabbrielli, would raise between $30m and $60m. He said a delegation had just returned from New York, where talks were held with Morgan Stanley, Morgan Guaranty, Goldman Sachs, Shearson Lehman, Salomon Brothers, First Boston, Merrill Lynch and Blyth Eastman. A lead manager for the New York issue will be chosen over the summer. "They were all very eager, and they know this New York issue will be just the tip of the iceberg," he said.

Saipem is one of ENI's most profitable companies. It recorded a consolidated net profit last year of L52.9bn on group turnover of L1,431bn. About 77 per cent of Saipem revenues come from outside Italy.

Prof Reviglio said that taken together, the Saipem share offer and asset disposals would this year raise around L300bn ($180m) of the nearly $1bn he hoped could be raised over the next three years. "We have other companies which merit the same esteem and treatment as Saipem," he said.

He listed as possible candidates for partial sale to the private sector Snamprogetti, the engineering and contracting company; Snam, the natural gas company; and Nuovo Pignone, the engineering company. Recordati, the chemicals and pharmaceuticals subsidiary of ENI, will come to the Milan bourse shortly.

ENI needs to raise capital in order to counter its heavy deficit. Last year it lost L1,600bn, of which half was attributable to the rise of the dollar against the lira. ENI expects to swing into an operating profit of L619bn in 1986, but is meanwhile asking the Government for a capital injection of L4,700bn for the 1984-86 period. The group's total debt is more than L20,000bn.

● Ferrari, the racing car subsidiary of Fiat, announced yesterday a 1983 net profit of L6.9bn, up 5 per cent on the previous year. Ferrari's turnover last year was 28.5 per cent higher at L154.4bn.

Pit strike 'may last to winter'

Continued from Page 1

union's executive yesterday at which they appealed for assistance, especially to close down the steel industry and the power stations.

In the Commons debate, Mr Michael Foot, former Labour leader, accused Mrs Margaret Thatcher, the Prime Minister, of having lied over the Government's role in settling a rail pay dispute in the early weeks of the coal strike. Mr John Biffen, Leader of the House, said the Prime Minister and the Government had taken "a proper and prudent regard for the national interest."

Ian Hargreaves writes: About 10m tonnes of capacity will need to be cut from the British coal industry in the next six years, according to a report yesterday by the Paris-based International Energy Agency.

IRAQI ATTACKS FAIL TO HALT GULF SHIPMENTS

Tehran drops oil price to boost Kharg exports

BY PATRICK COCKBURN IN LONDON

IRAN has succeeded in increasing its oil exports through its main terminal at Kharg Island in the Gulf despite attacks on tankers by Iraqi aircraft armed with Exocet missiles, oil company officials said yesterday.

Iranian oil exports through Kharg are put at 1.4m barrels a day compared to a near standstill at the terminal at the height of the sinkings.

The Iranian success in attracting buyers is attributed to high discounts of up to $3 a barrel offered since late May to make up for the surge in cargo and insurance rates. Rebates are negotiated individually on each cargo.

The continued ability of Iran to export its crude means that Iraq has failed for the moment to impose a blockade on Kharg Island. This in turn reduces the pressure on Iranian leaders to step up attacks on tanker traffic on the other side of the Gulf and gives them further breathing space to prepare their ground offensive against Iraq.

Iranian reaction to the shooting down of one of its F-4 Phantoms by Saudi Arabia on Tuesday is so far very low key. It is not clear if Iran is willing to risk more of its limited number of fighter-bombers in retaliatory attacks on shipping bound for Saudi Arabia or Kuwait.

Buyers of Iranian crude have to justify the level of their rebates to the National Iranian Oil Company, but Iran has clearly decided that it must maintain its crude export level. In some cases old tankers not carrying the necessary insurance are used, said one oil company official.

Iraq has threatened that it will attack Kharg itself but military specialist doubt if the Iraqi air force or ground-to-ground missiles could do this with sufficient accuracy.

Iran is believed to have massed much of its air defences around the island to protect it from attack.

Baghdad launches air attacks on civilian targets in Iran

BY TONY WALKER IN BAGHDAD

IRAQ appears to be carrying out systematic attacks on civilian targets along its border with Iran as the Gulf war enters a new phase in which Iraqi air superiority is dominating the conflict.

An Iraqi military communiqué, broadcast by Baghdad radio yesterday said that Iraq had attacked three Iranian towns, but gave no details of the raids. Iran has confirmed the attacks and said that nearly 50 people were killed.

Iraq's Information Minister said in Baghdad yesterday that weapons of "mass destruction" would be used against targets in Iran unless it stopped shelling the southern port city of Basra.

Baghdad has been hinting for weeks that it has devastating new weapons – possibly advanced Soviet missiles – but military attaches in Baghdad are sceptical about such claims.

President Saddam Hussein was quoted yesterday by the Iraqi news agency as threatening attacks against Iranian economic and oil installations.

"Concentrating the blows on these targets will bring the war to an end," President Saddam is reported to have told a military parade. His remarks are seen as an indication of Iraq's growing confidence in its air power.

President Saddam Hussein

About 400 people were killed or wounded by cluster bombs dropped by five MiGs on the town of Baney on Tuesday, according to the Iranian press.

Iraq used planes and missiles, probably Soviet Scud-Bs, in the air raids on the three towns. The attacks were in retaliation against shelling of Basra on Wednesday in which several buildings were reported destroyed and 21 people killed.

Iran and Iraq have threatened to attack designated lists of towns along their 730-mile border. In the latest communiqué from its high command, Iraq called on citizens of the 15 Iranian towns listed to leave quickly for their own safety.

A Western ambassador in Baghdad said the attacks on purely civilian targets were a new and disturbing development.

In the Gulf, a Liberian freighter was crippled by an explosion below the waterline late on Wednesday. The ship, the 26,000-ton Dashaki, was outward bound from the southern Iranian port of Bandar Abbas at the mouth of the Gulf.

This is far to the south of previous attacks on ships trading with Iran, but there is speculation that the damage might have been caused by a mine. The 27-man crew was picked up safely.

Meanwhile, in Tehran, Iran has officially protested to Saudi Arabia about the shooting down of an Iranian F-4 on Tuesday. The reaction has proved comparatively mute. Iran may not wish to divert any of its scarce military resources away from the war with Iraq.

The Gulf states remain nervous of Iranian action. In Kuwait four Iranians have been arrested as suspected saboteurs. Sheikh Nawaf al-Ahmed al-Sabah, the Interior Minister, said that the men had been found in possession of gas cylinders capable of being used as explosives.

UK opposes EEC on working week

BY JOHN WYLES IN LUXEMBOURG

UNRELENTING British opposition yesterday prevented EEC governments from formally adopting a cautious recommendation supporting a reduction in working time as a possible means of creating jobs.

However, Mr Tom King, Britain's Employment Secretary, was not allowed to rob nine other social affairs ministers of a declaration which they regard as an important demonstration of a Community-level response to the unemployment crisis.

In a highly unusual tactic, they stepped around Mr King's roadblock and published a text which will be sent to the next EEC summit in Fontainebleau on June 25-26.

Mr King's obduracy – due, according to one senior EEC official, to a firm ruling this week from Mrs Thatcher, the UK Prime Minister – is likely to have wider political reverberations.

In Britain, the Labour and Alliance parties are bound to use it as ammunition against Conservative candidates in next week's Euro-elections while in the Community it will serve current French tactics on the British budget problem.

These are aimed at confronting Mrs Thatcher at Fontainebleau with a solid coalition of nine against one in favour of a long-term solution on the budget which she has so far rejected as unacceptable. Yesterday's events, though totally unconnected with the budget negotiations, will seem to confirm the picture of a Britain which cannot walk in step with its Community partners.

Mr Tom King

In France, Belgium and the Netherlands reduced working time is already part of national employment policies, while elsewhere many governments are beginning to see it as helpful to job creation.

The West German state secretary, Herr Wolfgang Vogt, said economic growth was the most important key to cutting the dole queue. But, crucially, he saw nothing wrong in giving political support to reducing working time providing competitiveness was not damaged.

Reagan pledge on reserves

Continued from Page 1

high interest rates, which Washington deplored as much as anyone else.

He repeated that nobody had yet proved that the high interest rates were the direct consequence of the budget deficit. France, however, made clear that it would continue to insist that the level of the U.S. rates posed a major threat to European economic recovery.

Mrs Margaret Thatcher, the British Prime Minister, welcomed the leaders to Kensington Palace yesterday amid the pomp and circumstance of a band of the Coldstream Guards. It was the sixth successive annual summit for Mrs Thatcher, and the first at which she is in the chair.

At today's working sessions the summit leaders, flanked by separate meetings of their finance and foreign ministers, are due to discuss the prospects for world recovery, the recent rises in interest rates and the difficulties the increases have posed for the Third World debtor countries, the major banks and international trade liberalisation.

At their meeting yesterday Mr Reagan and Mr Nakasone agreed preparations should go swiftly ahead for a new round of General agreement on Tariffs and Trade talks, aimed for 1986.

Mrs Thatcher has already signalled that Britain is likely to go along with U.S. and Japan. West Germany, France and Italy still appear to be sceptical about what could be achieved with such a timetable.

The finance ministers will today consider a progress report on negotiations to overhaul the world monetary system, set in train at last year's summit in Williamsburg.

There is still, however, no consensus among the industrialised nations on the key issues of exchange rate stability and international liquidity.

French demands for a more formal exchange rate system to replace floating rates have met firm resistance from virtually all the other summit nations.

There is also strong U.S. opposition to calls from the developing world for a new injection of funds from the International Monetary Fund (IMF) to bolster their foreign exchange reserves.

Alcatel explores share issue in U.S.

By David Marsh in Paris

CIT-ALCATEL, the French state-controlled telecommunications and electronics group, may issue shares in New York as part of plans to expand its funding sources and spread its international presence.

A share issue, in the U.S. over-the-counter market, would help back up the group's efforts to increase American sales of a modified form of its E 10 digital telephone exchange, and so profit from deregulation of U.S. telecommunications.

The move was announced yesterday by M Jean-Pierre Brunet, chairman of the nationalised Compagnie Générale d'Electricité (CGE), the electrical transport and engineering conglomerate which owns directly and indirectly 57.3 per cent of CIT Alcatel.

It represents the latest and most dramatic step taken by French public sector industries to raise more capital on private markets and reduce financing reliance on their state shareholder.

A U.S. launch would represent the first funding initiative of this kind outside France since CGE, along with four other top industrial groups and the country's main private banks, were taken under state ownership in February 1982.

M Georges Pebereau, managing director of CGE and chairman of CIT Alcatel, said the group was studying the feasibility of the proposed New York offering.

As the limits of the French Government's own financing possibilities have become increasingly apparent, both the industrial companies and the banks have increasingly had recourse to bond and equity markets to raise much-needed capital.

Several banks as well as all the Big Five nationalised industrial groups – which apart from CGE comprise Thomson, Saint Gobain, Pechiney and Rhône-Poulenc – have made or plan approaches to equity markets through share issues by subsidiaries, launches of non-voting loan stock *(titres participatifs)*, or sales of convertible bonds.

Some highly placed bankers believe such expedients could pave the way for gradual denationalisation of at least part of the state's direct shareholdings, if not under the Socialist Government then under a possible right-wing successor.

CIT-Alcatel, like CGE's other big subsidiary Alsthom Atlantique, is quoted on the Paris bourse. The company has been talking to New York brokers about handling the proposed U.S. share offering, which would be made next year if approval is given.

A potential stumbling block is the attitude of the New York stock exchange authorities, which might not give approval to a share issue by a company majority-owned by the French state.

M Brunet and M Pebereau also announced CGE's 1983 consolidated results yesterday which were slightly higher than earlier estimates. Group net profits last year rose to FFr 662m ($80.2m) from FFr 638m in 1982.

This followed important changes covering consolidation rules for participations, and in group structure, notably the sale of its controlling interest in the heavily loss-making Société Générale d'Enterprises construction group and the electronics asset-swap agreement, reached last autumn, with Thomson.

On the basis of the accounting rules in force in 1982, last year's net profit would have been much higher at FFr 839m. Last year turnover fell to FFr 62.5bn from FFr 65.8bn because of the net sale of participations during the year.

Grace to sell oil subsidiary

By William Hall in New York

W. R. GRACE, the U.S. chemicals company, has put its subsidiary Grace Petroleum up for sale with a price tag understood to be in excess of $500m.

The Oklahoma City-based subsidiary, one of the top 15 independent oil gas producers in the U.S., has 1,280 net producing wells and an estimated 89.5m barrels of oil and equivalent proved reserves, virtually all located onshore in the lower 48 states of the U.S.

The group entered the oil business in 1973 and Grace Petroleum produced pre-tax income of $55.8m last year on sales of $196.7m. Operating income after taxes totalled $29.2m and contributed just under a fifth of the group's depressed 1983 net income.

Mr Harold Logan, a Grace vice-chairman and head of the company's natural resources group, said the intention was to "reduce Grace's dependence on commodity businesses."

THE LEX COLUMN

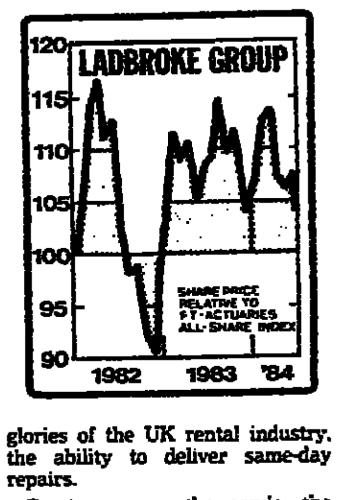
Ladbroke calls on its punters

Ladbroke's rights issue was as much of a surprise as the previous day's Derby winner, even if careful study of the group's financial form might have indicated shorter odds than the City of London was quoting after the preliminary figures at the end of May. The last balance sheet showed net debt equivalent to around 80 per cent of shareholder's funds, while a highly conservative treatment of film debt and intangible assets could have produced a figure of over 100 per cent.

But to regard yesterday's £54m rights issue as primarily a refinancing exercise would be to mistake the nature of Ladbroke. The company was at pains to point out that its hotel portfolio was undervalued and even hinted that it might revalue goodwill if it were given half the chance. Following the year-end property revaluation, gearing should be around 60 per cent, which Ladbroke would certainly consider on the modest side.

The group's rather ambitious approach to debt financing admittedly has some justification. Almost all its borrowings are attributable to a growing property portfolio, much of which is reasonably liquid. Since the year-end, the property division has helped to add almost £40m to the debt burden and the group evidently has big plans for the U.S. market in particular.

Yet, with the last rights issue only three years old, shareholders may feel some anxiety about the group's bias towards cash-hungry businesses. With the casino money tap now turned off Ladbroke is looking a more capital-intensive company. As long as the group emphasises the dealing rather than the investment properties in its portfolio, the market should continue to rate it on an earnings basis. But the company may also need to step up its investment in service industries at which it has proved expert. No doubt the rights issue cash is earmarked for all of this, and more.



Electronic Rentals

In the TV and VCR rental market Electronic Rentals is, in its own picturesque phrase, trekking through the desert. Thirsty investors, faced with a further 7 per cent drop in latest full year profits to £11.2m, could be forgiven for wondering where the next oasis is.

The fall in the TV rental market – some 3-5 per cent a year these days – is not only due to the fall in the real price of TV sets. Pershaps more critically, it also results from sets being more reliable – a fact which undermines one of the chief glories of the UK rental industry, the ability to deliver same-day repairs.

Peering across the sands, the group takes comfort from the prospect of the electronic living room. The family booked not only on its TV and VCR, but on its home computer and other goodies yet unspecified, may turn to package rental to ensure quick service across the range. It remains to be seen, though, whether the said goodies will offer anything as urgent as the desire to watch the news on the box.

With depreciation falling, ER should make at least £15m this year. But then, were it to stop investing altogether, the bulk of last year's £168m rental revenues could flow straight to shareholders. With the shares at 50p (up 2p), market worth is only £120m. ER's best hope for growth is that the future shower of electronic consumer goods will blow its way.

British Petroleum

This is going to be a hard year for the stock market to call the oil majors' results with any confidence; but yesterday's first-quarter figures from British Petroleum ought to have posed little real problem, given Shell's impressive lead and reasonably clear indications of the better downstream conditions early in the year.

In the event, a last-minute rush of over-optimistic forecasts caused confusion even at this stage of the proceedings – and no doubt the jobbers pounced happily on a chance to recoup losses suffered in the recent correction. The shares, anyway, closed down 15p at 510p, despite another performance from BP strong enough to vindicate again its re-crating relative to Shell over the last three months.

Pre-tax profits have almost exactly doubled to £864m, lifting net income from £74m to £342m on the historical cost basis. Upstream, an 8 per cent fall in North Sea production has been more than off-set by sterling's weakness against the dollar, while pre-tax margins have benefited from the switch away from Forties production in favour of the Magnus field, where PRT is not yet payable. Overseas production has risen faster than expected, while expensed exploration costs have stayed low at about £40m.

Downstream, BP hopes to have finished its shake-out in West Germany with another £23m of rationalisation costs taken above the line. Shipping has done significantly better and appears to have broken even. As expected, though, chemicals have been the star turn, with a swing from losses of £15m to operating profits of £26m on the back of this year's volume recovery. This probably be hard to sustain and BP could have other problems downstream of spot prices rose any further. But the group is better placed in this respect than for many a year, the cash is rolling in and pre-tax profits still look headed for £1.3bn.

CJR/Nikko

Irrepressible as ever, Charterhouse J. Rothschild has bounced back into the limelight with a joint venture involving Nikko Securities of Japan. While CJR's recent history may have highlighted the potential shortcomings of its rather top-heavy and free-wheeling management structure, the latest deal shows up the corresponding advantages. The Nikko tie-up springs directly from the recent recruitment of Mr Richard Thornton to CJR's star-studded team.

The new company will initially set out to attract Erisa investment funds, with Nikko looking after the Japanese market and CJR the rest. Neither company has yet established much of a presence in this business – Nikko has Erisa funds under management of only $75m – and a joint venture is eminently sensible. For a very modest outlay, CJR should be well plugged in to a big and fast-growing market.

Nikko is admittedly not the obvious first choice. It has built more of a reputation for outward investment than for attracting dollars to Tokyo and is already linked up with Bank of America to provide trust banking services for Japanese pension funds. But CJR is still in a position to expand its relationship with Nikko and is not the sort of company to fight shy of competition with Bank of America.

World Weather

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Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

German union plan rejected

Continued from Page 1

The public positions of both sides would seem to leave little margin for compromise, despite the steadily worsening plight of the engineering industry and the car industry in particular.

Observers were taking some heart from the fact that at last serious negotiations have begun. Significantly, moreover, engineering employers in Bavaria – a region not directly involved in the strikes – yesterday postponed what would have been an inflammatory decision to introduce lock-outs there as well.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday June 8 1984

Sealink is bid target for Sea Containers

By Andrew Fisher in London

SEA CONTAINERS, the Bermuda-based container shipping company, yesterday said it intended to bid for Sealink UK, the British Rail ferry subsidiary which is about to be privatised.

Sealink UK, said Mr James Sherwood, president of Sea Containers, had been "starved of capital investment over the years." He said the company would approach the bid "with enthusiasm."

Sea Containers previously expressed its interest in making an offer for Sealink, which operates across the channel in partnership with Dutch, French and Belgian operators and is now back in profit.

But yesterday's annual meeting of Sea Containers in New York was the first time that Mr Sherwood had stated a clear intention by the board to make an offer. He mentioned no figures, but said speculation had put the price of Sealink UK at between £50m ($69.5m) and £150m.

Mr Sherwood said Sea Containers would submit its bid by June 22, as required by BR. Full documentation on Sealink's trading and finances had now been recieved.

This group includes National Freight Consortium, Charterhouse J. Rothschild, Globe Investment Trust, James Fisher (a shipping company), and the Sealink executive board.

Ellerman Lines (owned by the Barclay brothers, hoteliers) and Trafalgar House (owner of the Cunard shipping concern) are also in the bid running. But P & O Ferries and European Ferries, which operates the Townsend Thoresen vessels, have been ruled out of the bidding by the Government.

Computer market is Commodore's battleground

BY LOUISE KEHOE IN SAN FRANCISCO

"BUSINESS is not a sport – it's war." That is the view of Mr Jack Tramiel, founder of Commodore International, the U.S. computer maker. Although he resigned from the company five months ago, Commodore plans to continue with Mr Tramiel's tough competitive strategies, according to Mr Marshall Smith, the company's new president.

Five months after joining Commodore, Mr Smith says he does not plan any major changes at the company. "I'm putting a strong emphasis on new products and product enhancements," he said.

His highest priority, though, is to increase Commodore's production capacity. "We've got to bring it on stream, on schedule and on budget," he says with determination.

Although Mr Smith is not making any radical changes at Commodore, the company's team of senior executives has been transformed since January by a stream of resignations. Mr Smith says of the defectors: "Some of the people who left us have attempted to rejoin the company, but we have no interest in rehiring them."

Although he declined to name names, he did acknowledge that Mr Tramiel, the former president of Commodore, had not approached the company.

In fact, many former Commodore executives are understood to be joining Mr Tramiel in a new venture – his own personal computer company. Tramiel Technologies is not expected to compete directly with Commodore, but instead will aim at the higher-priced end of the personal computer business.

Commodore's strength is in the low-price home computer market there its Commodore 64 is now estimated to represent 60–70 per cent of the U.S. market.

Commodore's winning strategy, most agree, has been aggressive pricing. "Commodore learnt from its experiences in the calculator wars of the early and mid-1970s that creating a price umbrella with high profit margins breeds competition," says a company spokesman.

"Commodore sets profit margins at 16–18 per cent – a fair profit – and tries to lower its prices as rapidly as its own costs decline. With new products we set prices for a good market share, not to make inflated profits that attract competition."

In the home computer market (for machines costing under $500) Commodore has been almost too successful. Far from attracting competition, it has driven it away. Last year Texas Instruments, Commodore's biggest competitor, withdrew from the market. Then Timex, which sold Sinclair home computers in the U.S., pulled out. Atari and Tandy, Commodore's other chief competitors, also lost ground.

Commodore claims it is able to sell products at lower prices because it is "vertically integrated rather than just an assembler." Yet Texas Instruments, the largest U.S. microchip maker, was not able to sustain acceptable margins against Commodore's price reductions.

Commodore challenges all reports that the U.S. home computer market is losing pace. Yet its competitors are offering "very little that is new," acknowledges Mr Smith.

Commodore is currently shipping "substantially more than 200,000 units per month," of which about 70 per cent are Commodore 64 home computers.

With production expansion in Hong Kong, Europe and the U.S., Commodore aims to increase its output to 300,000 units per month.

Based on Commodore's own data, total U.S. shipments from all manufacturers of home computers in 1984 will be 2.6m to 3m units. Independent market analysts believe the figure will be lower. Infocorp, a respected California research firm, forecasts U.S. shipments of 2.2m home computers this year, down from its previous estimate (in December) of 4.6m.

The growth rate of the U.S. home computer market is slowing, Commodore concedes. Still, Commodore expects its sales for the current quarter to be "considerably up over last year, and we expect next year (beginning July 1) to be up. Commodore has delivered on that promise for the past six or seven years and I don't intend to be the one to break it," says Mr Smith.

Being overwhelming market leader has its drawbacks. In the U.S. home computer field, Commodore virtually controls the market growth rate. It must also now pay the price of promoting the home computer as a concept unaided by competitors. The question, say analysts, is whether Commodore's cost-conscious advertising will be enough to maintain consumer interest in the future.

Commodore is confident that its new range of personal computer products will boost sales in the coming fiscal year.

The new Commodore 16, to be introduced this September in the U.S. at a retail price of $100, is Commodore's effort to revitalise the "toy" computer market. Most industry analysts believe low-performance home computers are no longer attractive to the consumer. But despite their wisdom it is entirely possible that the low price of the Commodore 16 and a dearth of alternative products will make the 16 a success.

Commodore's new Plus 4 (formerly labelled the Commodore 264) is shockingly cheap. For $300 Commodore offers much of the capability of an Apple II plus built-in business software at half of the price of comparable systems.

Commodore means its Plus 4 to compete directly with the Apple IIE, the price of which was recently reduced to $995.

Commodore's entry into this market sector, where personal computers do double duty in the office and home, raises the spectre of a price war between Commodore, Apple, IBM (with it's PCjr) and a host of lesser suppliers. Commodore could once more cause an industry shake-out with its pricing tactics, analysts believe.

In Europe, Commodore will attack the business personal computer market from a position of strength. The company has, since the beginnings of the personal computer era, done better in Europe than its U.S. competitors.

In the first quarter of next year it plans to introduce two new business-style personal computers in Europe. The first will be a transportable IBM-compatible computer. Although there are already dozens of suppliers of similar machines in the U.S. including one made by IBM, competition is less fierce in Europe.

Commodore's machine is expected to be agressively priced, at around $2,000, approximately 30 per cent less than similar products.

Commodore will also offer European buyers a Z8000 Unix-based office computer. The company will not reveal details of the new machine, but the Unix operations system (created at Bell Laboratories) is designed for multi-user systems.

Commodore would like to enter the U.S. business personal computer market, says Mr Smith, but the company does not have a dealer network here as it does in Europe. "Building up a network is hard, but not impossible," says Mr Smith.

● Future Computing, the Texas market research firm, has cut its forecast for the worldwide home computer market from 6.5m units this year to 5.5m units. "The reason is not that the demand is not there, but that the supply is limited," said the company.

Chrysler to raise dividend in quarter

By Terry Dodsworth in New York

CHRYSLER is to raise its dividend by 5 cents to 20 cents in the second quarter of this year following the resumption of payments in the first quarter.

Until the dividend was restored, Chrysler had missed payments for virtually five years in its efforts to conserve cash during a financial crisis. Last September it cleared the arrears on its cumulative preferred stock with a payment of $116.9m, and will be paying out a further $27.2m on this stock this year.

On the basis of yesterday's announcement, Chrysler will be paying out around $90m in dividends this year, but Mr Lee Iacocca, chairman, stressed yesterday that the company would still be left with sufficient retained earnings to fund future needs.

Responding to recent speculation, the company said at the annual shareholders' meeting yesterday that it might but back some of its own shares if they became available at attractive prices.

Over the last three years, Chrysler has issued 55m shares through its recapitalisation plan and in contribution to its stock ownership plan. Like many other U.S. companies, however, it is now considering the possibility of buying some of its stock back because of the relatively depressed level of the stock market.

In its statement, it said that it might now "be prudent" to avoid further increases or reduce the 121.9m shares outstanding, and that the purchases could be made in the open market or in private transactions.

IBM reaffirms confidence in personal model

BY OUR SAN FRANCISCO CORRESPONDENT

U.S. DEMAND for the IBM personal computer remains strong, despite speculation to the contrary, the company said yesterday. IBM reaffirmed its confidence following widespread reports in the U.S. that demand for personal computers, in particular the IBM PC and PC compatibles, is declining and analysts' predictions that IBM would slash the price of the PC by as much as 25 per cent.

Sales of the PCjr home computer have, however, been lower than expected and the company has extended credit to computer retailers carrying the product until August 31.

IBM said, however, it expects sales of the home computer to increase. "We will do whatever we need to do to meet the needs of our customers. IBM does not deny speculation that we will reduce the price of the PCjr. We do not comment upon our future pricing or product plans."

Mr Ulrich Weil, a noted Industry analyst with Morgan Stanley in New York expects IBM to reduce the price of the PCjr substantially within the next week. Other industry watchers expect IBM to improve the PCjr.

"We are concerned that a slowdown in the personal computer market is clearly upon us, focused on the IBM PC and PC-compatible market," said Mr Jim McCamant of Venture Capital Management in San Francisco. "Talking to dealers (computer retailers) we find that sales of personal computers are slowing down."

Mr McCamant expects a shake-out in the crowded market for IBM-compatible personal computers. He also expects IBM to launch a new office personal computer product soon.

"IBM traditionally lowers prices on established products when it is about to introduce a new computer," said Mr McCamant. Industry sources suggest that the new IBM machine will be based upon Intel's high performance 286 microprocessor and may incorporate multiple operating systems that would allow it to run programs designed for the PC and other machines.

Berliner Bank prices shares

By Leslie Colitt in Berlin

THE PUBLIC flotation of Berliner Bank, until now 100 per cent owned by the city of West Berlin, is to be partially privatised by an offering of DM 65m ($24.4m) in shares at DM 145 per DM 50 share.

The city will retain 74 per cent of the bank, which has expanded strongly in recent years in West Germany and has branches in Luxembourg and London. It is relinquishing its share because it was unwilling to use public funds to increase capitalisation.

The new shares with full voting rights are to be offered starting on June 18 on the Düsseldorf, Frankfurt and Berlin stock exchanges. Bank employees will be offered shares at a special discount.

Foreign banks lose Spanish bid contest

BY DAVID WHITE IN MADRID

BANCO Exterior de España said yesterday it had agreed to take full control of Banco Simeon, based in the north western Galicia region. This fulfils the Government's desire to keep Banco Simeon in Spanish hands.

The price agreed by the state-controlled export bank was not disclosed. The deal is due to be completed next week.

The family interests controlling Banco Simeon, which faces shrinking profits and a relatively low level of reserves, initially sought to sell to a foreign bank through the mediation of Morgan Guaranty.

According to Banco Exterior, several foreign banks were involved in preliminary contacts, notably National Westminster, which discontinued its talks on advice from the Bank of Spain.

Up to now, foreign banks have only received permission to take over Spanish banks in cases where these have come under the auspices of the semi-state intervention body, the Deposit Guarantee Fund.

At least one U.S. bank is also understood to have shown interest in Banco Simeon.

The Spanish authorities' opposition to a foreign takeover is seen as a bid to appease the local banking community following the Rumasa affair.

Mr Allen E. Murray

Murray to head Mobil

By William Hall in New York

MR ALLEN E. MURRAY, aged 55, has been chosen as the next president of Mobil Corporation the third biggest company in the U.S. He will succeed Mr William P. Tavoulareas as president and chief operating officer on November 1, in the most important senior management change at Mobil in the last 15 years.

The retirement of the 64 year old Mr Tavoulareas, who started work for Mobil in 1947 as a $55 a week accountant, ends one of the longest-running partnerships at the top of a major U.S. corporation. Mr Tavoulareas was appointed president in 1969. The same year that Mr Rawleigh Wearner, took over as chairman and chief executive. He is expected to retire in early 1986.

Mr Tavoulareas, the Brooklyn-born son of a Greek immigrant, has become one of the best known figures in the international oil business. He has played a key role in assuring Mobil's access to Saudi Arabian oil and is renowned as a tough negotiator. Outside the oil business he has frequently crossed swords with some of America's most respected newspapers and has frequently attacked what he calls "the propensity of the media to misrepresent the actions and motives" of famous people.

Mr Allen Murray, a night school-trained accountant from New York, joined Mobil in 1952 and between 1956 and 1968 held various positions in Mobil's Middle East operations. He emerged as a candidate for the top job in the company in late 1982, when he was promoted from president of marketing and refining operations, to president of Mobil Oil, the group's main operating subsidiary. At the same time, Mr Richard F. Tucker, aged 57, was appointed president of Mobil Diversified Businesses.

Wall Street analysts speculated yesterday that the race for the number one job at Mobil, when Mr Rawleigh Warner retires, is still open. One analyst said Mr Murray's background was more akin to that of Mr Tavoulareas, while Mr Tucker was closer to Mr Warner.

Setback for Canadian bank

BY BERNARD SIMON IN TORONTO

CANADIAN Imperial Bank of Commerce blamed narrower interest margins on international operations for part of a 14 per cent decline in second quarter earnings.

Net income dropped to C$61m (U.S.$46m) or C$1.03 per share in the three months to April 30, from C$70.9m or C$1.34 per share in the same period last year.

The bank's earnings for the first half of the current fiscal year totalled C$125.8m or C$2.21 per share, compared with C$145.1m or C$2.67 per share in the six months to April 1983. Assets have dropped slightly in the past year to C$67.5bn.

Despite a substantial exposure to several large Canadian companies experiencing financial problems, CBIC's loan losses dropped sharply from C$306m in the six months to April 30 1983 to C$219m in the latest half year.

The bank gave no reasons for the fall, nor has it disclosed quarterly figures. Provisions for loan losses totalled C$106m in the second quarter, virtually unchanged from a year ago.

Mr Donald Fullerton, recently-appointed chief executive, said interest margins improved slightly during the second quarter compared with the previous three months but "continue to be at lower levels than last year due mainly to international operations." Non-interest income has risen by 10 per cent in the past year.

CBIC has strengthened its capital base by an issue of C$300m in preferred shares. Its capital and reserves excluding debentures now stand at 4.21 per cent of total assets against 3.69 per cent a year ago.

Moog doubts on U.S. plans for MX

By Andrew Baxter in London

MOOG, a leading U.S. producer of control systems for defence and industrial uses, expects the U.S. eventually to deploy 100 of its controversial MX missiles and to build another 138 to keep in reserve.

Mr Robert Brady, president of the company's aerospace controls division, said in London yesterday that he believed the U.S. would never achieve its original aim to produce 48 MX missiles a year.

Moog, based in East Aurora, New York, produces servovalves and servoactuators – devices to help control moving parts. Its servoactuators are used to help steer the MX, while other major defence programmes include parts for the Space Shuttle, F-15 fighter and Blackhawk helicopter.

The future of the MX programme is currently in the balance, following a vote last month by the U.S. House of Representatives to halt production of additional missiles until at least April.

But Mr Richard Aubrecht, administrative vice president, said cancellation of any major defence programme would not damage Moog seriously.

Husky Oil project gets state grant

BY OUR TORONTO CORRESPONDENT

FINANCIAL incentives offered by Canadian provincial and federal authorities have encouraged Husky Oil of Calgary to proceed with construction of a C$3.2bn (U.S. $2.48bn) plant to convert heavy oil and crude bitumen into synthetic crude oil suitable for domestic refining.

The project, the largest energy venture in Canada since the late 1970s, will have a capacity of 54,000 barrels a day on completion in 1989.

It will be located at Lloydminster, on the border between Alberta and Saskatchewan, and will draw oil from reserves in both provinces. Mr Jean Chretien, Canada's Energy Minister, said yesterday: "We are looking to increase our security of supply in Canada."

The federal Goverment and authorities in Alberta and Saskatchewan have agreed to guarantee loans totalling C$1.6bn needed to finance the project. In addition, the Canadian Government has approved a grant of C$50m towards construction costs and has agreed to reduce normal petroleum and gas taxes for the project.

Mr Art Price, Husky's president, said the company was looking for one or two partners to participate in the project. Texaco's Canadian subsidiary has already expressed an interest.

United Breweries lifts sales 15%

BY HILARY BARNES IN COPENHAGEN

UNITED Breweries, Danish producer of Carlsberg and Turborg beers, increased its turnover by 15 per cent in the first half year to March 31, according to an interim statement.

Earnings before tax were at the same level as in the first six months of the previous fiscal year, said the statement, but depreciation had increased.

While increased excise taxes influenced domestic sales adversely, there was a considerable rise in both turnover and earnings in beverage operations abroad and a substantial increase in turnover and a modest earnings rise in non-beverage operations.

Earnings in the year to last September rose from DKr 254m ($25m) to DKr 299m on sales of DKr 7.1bn.

● East Asiatic Group continued its recovery in the first quarter of this year, the directors said in an interim statement which contained no figures.

The trading, shipping and industrial group with world-wide interests said sales and operating profits increased for all its major divisions.

East Asiatic turned a 1982 loss of DKr 149m ($15m) into a profit of DKr 315m last year, but passed the dividend for the third year running.

Nabisco Brands in share buyback

BY OUR NEW YORK STAFF

NABISCO BRANDS, the giant U.S. food and beverage company, yesterday joined in the fashionable share buyback trend with the announcement that it was proposing to purchase up to 7m of its own shares in the open market.

This will be the second time in consecutive years that the company has bought in a substantial block of its own shares.

Nabisco's target buyback figure amounts to a little over 11 per cent of the group's equity capital, and would cost about $300m at the present share price of $42¾. The shares have been substantially cheaper over the recent past, dipping to $38⅝ at one point earlier this year.

At the end of last year, when it spent $271m on buying in 7.1m shares, Nabisco had cash liquid investments amounting to $250.8m down from $495.2m in 1982.

Krupp Stahl sees return to profit

BY JAMES BUCHAN IN BONN

KRUPP STAHL, the West German steel and special steel manufacturer, expects to move back into profit this year, having broken the back of a costly and painful restructuring programme.

The company, whose attempts to merge with Thyssen were rebuffed late last year, announced net losses for 1983 of DM 344m ($129m) against a reported profit of DM 311m in 1982—although operating losses were more or less unchanged at the 1982 level of DM 344m.

Herr Alfons Goedde, chief executive, said sales revenue in the first four months of this year was up 15 per cent on the 1983 average, while crude steel production in the first quarter had picked up 17 per cent on the first three months of 1983.

However, Herr Goedde warned that deliveries of sheet steel to the motor industry, which has been all but shut by the engineering workers' strike, will be impossible to make up and production will start being affected from next week.

Last year, crude steel production fell by 2 per cent to 3.9m tonnes, and external sales declined by 4 per cent to DM 5.52bn, largely as a result of weak prices in the second half of the year.

Since 1980, Krupp Stahl has reduced its workforce by a net 28 per cent to 28,500, and further reductions to around 25,000 by the end of 1986 are planned. Crude steel production since 1980 has been cut by 27 per cent.

The cost of the drastic cut in capacity, around DM 400m in redundancy payments and special depreciation, has been partly offset by aid from the Bonn Government of DM 191m. Bonn can be expected to cover around half the DM 150m-200m cost of further capacity cuts, while putting up DM 80m towards new investment.

Nonetheless, the company's financial situation remains tight with total debt of more than DM 2.5bn and little or nothing by way of reserves, after covering the 1982 operating losses.

David Lascelles report from the international monetary conference in Philadelphia

Bankers move to defuse world debt crisis

THE DECISION by leading bankers this week to grant Mexico easier loan terms in recognition of the 18 months of hard-slog adjustment it has endured has been widely hailed as *a major step forward in the* handling of the debt crisis. Mr Paul Volcker, the Federal Reserve chairman, who pressed bankers into the decision at the international monetary conference in Philadelphia, said it marked "a new phase" and could set a pattern for other countries which may try to get on top of their debts.

The truth may not be quite as startling. Bankers have been edging their way towards making concessions for several months, and there is more to the move than philanthropy. Nor is it the big breakthrough everyone is hoping for. But Mr Volcker, *like everyone else who* has observed with alarm the way rising interest rates are pushing up debt servicing costs and undermining faith in the banking system, must welcome anything that eases the strain.

Political unrest in Latin *America, the announcement* by Bolivia that it can no longer make debt payments, and the shadowy threat of a debtors' *cartel, all provided a worrying* background to this week's gathering, which was little lightened by the glittering surroundings of *Philadelphia's* grandest hotel.

Although the exact details of what the bankers have agreed *remain under wraps* because they represent, in a way, their negotiating position, the significance is at least twofold. It shows that banks are now more willing to make concessions to achieve long-term solutions, even at the expense of some short-term revenues. It also puts paid once and for all to the much-discussed "grand solutions" to the debt problem, such as "capping" interest rates or offloading LDC (Less Developed Countries) debts from the banks' books on to those of some official institution.

What bankers have agreed is to grant easier terms on both the repayment and cost of loans for LDCs that makes a determined effort to get their finances in order. This involves:

● *Rescheduling debts which* fall due over as many as four or five years rather than only one or two, as they do now. *This avoids the annual crises* over reschedulings, and allows LDCs to plan far ahead. The new terms would include *longer grace periods in which* LDCs need only repay interest on their loans, not principal.

● Lowering interest rate spreads. Most reschedulings have been made at "crisis" rates of 2 per cent or more over the banks' cost of funds. Bankers say these spreads could be narrowed, at a saving of hundreds of millions of dollars a year for large borrowers.

Initially, these concessions will be offered only to Mexico. But bankers say Brazil might *qualify* by the end of this year if it can keep up its healthy balance of trade and restore financial order at home. Other *countries, too, could qualify* later on.

The advisory committee of U.S. bank lenders to Mexico is sending a team to *Mexico City* later this month to measure the country's exact progress. But Mr Walter Wriston, the *chairman of Citibank, which has* $3bn in loans to Mexico, stressed this week that the country had sharply reduced its *public sector deficit, pushed its* trade into a large surplus and had an expanding economy once again.

Not, however, that bankers, particularly the Americans who hold the bulk of Latin America's debts, were that willing to make *concessions. Although* they recognised that easier loan terms might be necessary to avert a crisis, they have been slow actually to grant them because of the cost to themselves and the fear that once granted to one borrower, others *would demand them too.*

But the pressure on the banks to do something concrete has been building up, along with the growing crisis of confidence in the banking system which erupted briefly in the financial markets only a few days before the Philadelphia conference. Central bankers have been leaning heavily on the banks to act.

In hard cash terms, the concessions will cost the banks whatever revenue they lose from lower loan charges. But *they argue that their LDC loans* will grow sounder because of the contribution the accord will make towards lightening the *LDCs' debt burden. This means* banks might face less pressure to divert profits into loan loss reserves.

What the accord has not done, though, is remove the banks' need to keep lending new money to LDCs to help meet *their payments. And although* few banks have actually pulled out of their LDC lending commitments, bankers are worried about further *increasing their* exposure.

From Mr Volcker's point of view, the prospect of a lighter debt burden—albeit at this stage only for one country—is welcome because it eases a nagging constraint from his con*duct of monetary policy.* At Philadelphia he said people's concern about rising interest rates was "very real" and he was aware that fears about the international banking system had grown out of the debt problem.

Less openly voiced but clearly high in bankers' minds is the hope that the prospect of concessions will also undermine the theratened debtors' cartel in Latin America. Bankers say they take this danger seriously and want to encourage the better managed countries to stay away from the planned "cartel" meeting. Latin American delegates confirmed that Argentina, for instance, was angered by the banks' move which it saw as an attempt to drive a wedge between debtor countries—which U.S. bankers privately admitted was indeed the intention.

A concessionary approach will work only of course, if the rewards are offered only to *those who have earned them,* and bankers say that strict criteria will be applied. But if *the banks' new deal gives an* incentive to LDCs to qualify, it does not remove the immediate sting from the debt crisis itself. *There is nothing in the new* approach for hard-strapped countries which form the core of the problem; indeed it might even make them more resentful of their treatment by the banks, as Argentina's reaction suggests. Bankers continue to stress the need for official money, a healthy world economy and lower trade barriers to help matters through.

Mr Paul Volcker

British Airways lifts earnings by £90m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

BRITISH AIRWAYS earned a pretax profit of £294m ($411.6m) in the *last financial year, an increase of* £90m over the previous year. The net profit was £214m (£89m).

In its last annual report and accounts before the business is privatised – perhaps in January or February of next year – Lord King, chairman, said the results were "ahead of the minimum level" he had indicated as being necessary before making a public share offering.

He also gave a warning that the financial prospects could be jeopardised, and further job losses likely, if the UK Government transferred any of the airline's routes and aircraft to independent operators.

The airline believes that such transfers "constitute straight substitution of one airline operator for another and as such would provide *no increase of choice nor benefit to* the customer.

"Those who preach competition and then propose that British Airways should be curtailed or removed from providing a service are suggesting repression rather than freedom of competition."

He says *the current successful fi*nancial results are the product of "very considerable effort and some sacrifices" by the BA staff, and declares that both he and the board of BA "are very firmly of the belief that it is not in the nation's nor the public's interest to curtail our competitive services by arbitrary removal of routes.

"Furthermore any moves in this direction would *have* far-reaching consequences not only on our international standing vis-à-vis other world carriers but also on the financial prospects of the company.

"There is also the effect that such moves would have on the morale of the staff and on the potential for extensive redundancies with the consequent considerable increase of costs."

Lord King says that BA is committed to "true competition," and that it is open to other UK airlines to seek licences to compete with BA if they wish.

Barclays puts more cash into Spain

BARCLAYS BANK SAE, Barclay's Spanish *subsidiary,* is raising its capital by more than half to back up expansion plans, particularly in new electronic technology. An increase in the capital from Pta 5.5bn to Pta 8.5bn ($57m) has been approved ,writes David White.

Barclays, which currently *owns 85 per cent, is due to put* in extra funds in the event of minority shareholders not subscribing their full share. The *move follows an increase* of more than 60 per cent in the unit's pre-tax earnings to Pta 1.69bn last year.

Technip plans to lift capital by FFr 250m

By Our Paris Staff

TECHNIP, France's leading plant engineering concern, has worked out a financing package with *its mainly-state*-controlled shareholders under which share capital will be increased almost sixfold by a total of *FFr 250m* ($30m) in several stages.

The agreement, worked out after a board meeting earlier this week, envisages an initial capital rise of FFr 170m taking place before November 1 to finance the company's 1983 losses, which after a detailed audit are now put at FFr 224m, up from the earlier estimate of FFr 182m.

Present equity capital is FFr 57m, but with reserves total capital backing is around FFr 150m. This has been shown as greatly insufficient in view of last year's losses, which followed a deficit of FFr 40m in 1982.

The exact degree to which Technip's main shareholders, including Institut Francais du Petrole, Elf Aquitaine and the Total group, will take part in the financing package has not yet been worked out.

● EDF, the state electricity group, plans to raise FFr 3.5bn on the Paris bond market. The funds will *be raised in two tranches,* with FFr 1bn in fixed rate bonds and the balance in variable rate paper.

Scania boosts truck sales in Britain by 79%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

SCANIA, the Swedish group, has taken maximum advantage of conditions in the UK truck market to boost its sales so far this year by 79 per cent compared with an overall rise in registrations of 12 per cent.

Scania's progress continued in May with a further 79 per cent rise, from 118 registrations in May 1983 *to 211 last year. This took total Sca*nia sales of trucks and articulated vehicles this year up from 664 to 1,189.

The company suggests that one of the major factors in its progress has been that its trucks are in free supply whereas many other manufacturers have not been able to keep up with the increase in demand which suddenly built up in Britain this year.

It has also reorganised its distribution network in the past 12 months to give better representation and service in some areas as well as setting up a new parts ware-

($6.95m) worth of stock at retail prices.

And there has been good demand for Scania 6×2 tractor units in particular in the UK.

According to Society of Motor Manufacturers and Traders' statistics, the revival in commercial vehi*cle sales stumbled last month. Light* vans, buses and coaches were the only sectors to show any improvement on May 1983.

Total commercial vehicle sales in May fell by 4.63 per cent from the *May 1983 level to 21,610,* according to the Society. However, over the first five months of the year there has been a 5.15 per cent improvement to 117,576.

Importers continue to take a bigger share of the market, moving up *from 33.26 per cent in May last year* to 36.59 per cent in the same month of 1984. In the five months imports took 34.67 per cent of sales.

In May light van sales improved from 6,974 to 7,128, while in the January-May period the sector showed a 3 per cent advance from 38,425 to 39,599.

*Medium and heavy van registra*tions fell in May from 10,307 to 9,332, but for the five months were up by 5.4 per cent from 51,045 to 53,801.

Trucks and arties last month dropped from sales of 4,003 to 3,954.

Japanese borrowers tap restyled Euroyen market

BY ROBERT COTTRELL IN TOKYO

JAPANESE BORROWERS are starting to use credit windows opened up by liberalisation of the Euroyen market. Freer lending of Euroyen, which are yen held outside Japan, has been successfully urged on Japan in recent months by the U.S.

Nomura Securities, Japan's largest securities house, announced yesterday a Y5bn seven-day Euroyen loan from Daiwa Bank. The credit is the first significant short-term Euroyen bank loan to a Japanese resident borrower.

Japan's Ministry of Finance authorised Japanese residents to obtain short-term Euroyen bank loans with effect from June 1 this year, and is considering similar liberalisation of longer-term loans. The short-term market was immediately opened with a token loan of Y300m, made to C. Itoh, a leading Japanese trading house, by the Singapore office of Dai-Ichi Kangyo Bank, the largest of Japan's regular commercial banks.

The C. Itoh loan was of one-month maturity, and priced over the Singapore interbank offered rate for Euroyen, plus a margin of 0.5 per cent. C. Itoh expects the loan to cost it fractionally under 7 per cent at an annualised rate of interest. It says it could have borrowed the yen more cheaply from domestic sources, but was happy to take part in a symbolic market-opening.

The Daiwa-Nomura loan is being transacted in London, and priced at an undisclosed margin over the London interbank offered rate for yen, currently just under 6 per cent. Analysts say Nomura will use the money to finance a bond trade, and that other Japanese securities houses may soon be seeking similar credits to take advantage of cheap interest rates for such short-term borrowing.

Hakodate Dock taken over

HAKODATE DOCK, the medium-sized Tokyo based shipbuilding company which since 1978 has been the subject of an attempted reconstruction scheme by the Fuji Bank, has been effectively taken over by the Kurushima Dock group, which includes 13 shipbuilding companies, write Yoko Shibata in Tokyo.

The ailing shipbuilder also announced its business results earlier this week. These gave sale of Y27.8bn ($10.6m), a net loss of Y477m and a pre-tax loss of Y520m. Accumulated losses as of the end of March totalled Y56.3bn.

Both the president and the deputy president of Hakodate have resigned.

Kurushima Dock is headed by Mr Hisao Tsubouchi who has built up a considerable reputation as a "company doctor" in the shipbuilding field.

The rehabilitation scheme for Hakodate involves the establishment of a new company of the same name in which Kurushima will have a 70 per cent stake.

Toyota takes stake in NZ operation

By Dai Hayward in Wellington

TOYOTA MOTOR of Japan has taken a one-third share in Toyota New Zealand, the company which assembles and sells its cars here.

Toyota Japan will hold an equal one-third share with the two previous local shareholders—Cable Price Downer and Fletcher Challenge.

The two New Zealand share holders previously each had 50 per cent of the equity, while Toyota of Japan held 20 per cent of the issued capital in the form of preference shares.

The company has increased its capital by NZ$1.2m (U.S.$779,000).

Sales of Toyota vehicles were up 49 per cent in the first four months of this year compared with an average of only 5 per cent for the rest of the industry.

North Australian Cement ruling sparks fresh offers

QUEENSLAND Cement and Lime and Adelaide Steamship have both announced fresh offers for shares in North Australian Cement, reports Reuter from Brisbane.

This followed an official ruling by the National Companies and Securities Commission that the purchase of 151,000 NACL shares in March by STE Suisse de Ciment Portland breached the spirit of the takeover code.

Ciment Portland subsequently sold these shares to QCL, enabling it to take a 53 per cent controlling interest in NACL.

QCL said it would offer A$13 a share for 100,000 NACL shares, sufficient to give it control if the earlier purchase should be cancelled officially.

Adsteam, which holds 43 per cent of NACL's 3.75m shares, also offered to buy NACL shares at A$13 each.

The NCSC said the Swiss acquisition occurred in circumstances in which NACL shareholders were not supplied with sufficient information to enable them to assess the merits of the competing bids.

Mr John Spalvins, Adsteam's managing director, said his company is considering seeking orders requiring Ciment Portland to dispose of its shares after the NCSC ruling. He said he did not rule out the possibility of Adsteam and QCL agreeing to 50-50 control of NACL to avoid court action.

● The Queensland State Government has reimposed stamp duty on share transactions through the Brisbane stock exchange after both New South Wales and Victoria threatened retaliatory action to prevent business leaving the two largest Australian exchanges in Sydney and Melbourne, writes Colin Chapman in Sydney.

Conic asks for resumption of share trading

HONG KONG—Conic Investment has asked Hong Kong stock exchanges for a resumption in the trading of its shares commencing June 11.

The company requested the suspension of trading in its shares on May 17.

Yesterday it reported losses in 1983 of HK$374.15m (U.S.$48m) after profit of HK$32.9S in 1982. It attributed the losses mainly to debts owed by Honic Holdings (Hong Kong), a private company controlled by its chairman, Alex Au. The recovery of these debts was uncertain, the company said.

Reuter

Jardine plan approved

HONG KONG — Shareholders of Jardine Matheson approved the company's proposed restructuring scheme at an extraordinary general meeting.

The scheme calls for formation of a Bermuda-based ultimate holding company, of which Jardine, Matheson is to be a wholly-owned subsidiary.

The company is to be named Jardine Matheson Holdings. The company intends progressively to transfer business in regions beyond Hong Kong and China to the Bermuda company's control.

Reuter

Chubb Holdings lifts earnings

By Jim Jones in Johannesburg

CHUBB HOLDINGS, the 71.7 per cent-owned South African subsidiary of Chubb and Son, increased pre-tax profit to R3.4m ($2.7m) in the year ended March 31, 1984, from R2.9m in the previous year. A higher tax charge resulted in only a small after-tax profit increase to R1.96m from R1.95m.

The physical security division benefited from increased sales to the building industry while profits of the fire protection division were lower as a result of increased competition. The directors expect the fire division to improve its performance this year in part because of the May 1 acquisition of a competitor's fire protection operations.

A one-for-four rights issue is planned to raise approximately R4m.

An unchanged total dividend of 27 cents has been declared. Earnings per share rose to 46.9 cents from 46.5 cents.

UK COMPANY NEWS

Century Oils hit by miners' strike

TAXABLE profits of Century Oils Group, lubricants and allied products manufacturer, were virtually unchanged at £3.06m for the year ended March 31 1984, against £3.04m, despite a £1m uplift at midway to £1.92m.

The directors then said that the full year's outturn would show a satisfactory recovery from the previous year's setback—profits for the 1981-82 year were a record £4.1m.

They explain that the adverse effect of the UK miners overtime ban and the strike in the final months was felt particularly in the last quarter of the year, not only in sales to mines themselves, but also in sales to mining equipment makers and other industrial users.

The immediate outlook continues to be dominated by the effects of the strike, and directors say it is certain that the first half results of the current year will be substantially affected by this.

Measures taken both at home and abroad to develop sales and increase productivity are beginning to produce significant improvements and it is expected that once normal trading is resumed to UK customers, record levels of trading could be achieved.

As a token of confidence in the future, directors are increasing the total dividend slightly from 3.4p to 3.5p with a final payment of 2.5p.

The company's products to other UK market sectors have made good progress, while overseas, a continuing recovery is being sustained in most areas with an increasing emphasis on higher technology products in preference to the more traditional higher volume, low margin lines in these countries.

Group turnover for the 12 months went ahead from £69.53m to £77.03m while operating profits slipped from £4.53m to £4.25m. The fall in the UK contribution, directors state, was "cushioned substantially" by an overseas improvement.

Pre-tax figure was after interest payable and similar charges of £1.31m, compared with £1.59m, but included other income of £121,000 (£99,000). Tax took £1.36m (£1.63m), minorities £18,000 (£215,000), and there was an extraordinary debit of £901,000 (nil) being a provision for deferred tax which is covered by a transfer from reserves.

Earnings per 10p share are up from 7.07p to 7.49p.

BP profits doubled to £864m in first quarter

ALL MAJOR businesses of the British Petroleum Company reported better results for the first quarter of 1984 and taxable profits doubled from £433m to £864m for this oil, chemicals, coal and gas group.

Improvements were made in BP Exploration, BP Oil International, Sohio, and BP Chemicals International which produced its first quarterly profit for some years, the directors state.

Turnover for the three months rose by virtually £1bn to £8.73bn (£7.79bn). Cost of sales amounted to £6.45bn (£5.96bn) while production taxes took £614m (£613m).

Gross profit was £442m higher at £1.66bn and the operating surplus came through well ahead at £989m (£594m) after distribution and administration expenses £655m (£680m), exploration expenditure written off, £140m (£103m), and other income, down from £156m to £121m.

Operating profits for the three months were split as to: BP exploration £341m (£281m); BP Gas £20m (£22m); BP Oil International and BP Shipping £54m (£15m loss); BP Chemical International £26m (£15m loss); BP Minerals International £3m loss (£6m loss); BP Coal £2m loss (£4m profit); BP Nutrition £5m (£6m); other businesses and corporate £4m loss (£7m profit); Sohio (100 per cent) £524m (£459m), making replacement cost operating profits of £961m (£743m). Cost of sales adjustment added £28m (took £149m).

Operating profits from BP Exploration's oil and gas production activities reflected increased crude oil production overseas and the effects of firmer sterling prices compared with a year before, the directors state.

Overall production levels from the UK North Sea fields were similar to the comparative quarter, but the group's share averaged 487,000 barrels per day (527,000) as a result of the recent sales of some 12 per cent interest in the Forties Field.

Markets concerning the BP Oil International and BP Shipping sector behaved nervously, particularly in fear of an escalation of hostilities in the Gulf; the dollar was erratic and oil prices were sporadically firm.

Downstream activities in Europe as a whole produced modest profits although in Germany the market continued to be intensely competitive. Outside Europe a satisfactory level of profit was maintained.

Major restructuring and cost-cutting contributed markedly to the turnround at BP Chemicals International, as has the successful recommissioning of the Grangemouth cracker to take North Sea gas as a feedstock.

Sohio's contribution, on an historical cost basis was £175m (£113m), with improved results in refining and marketing, chemicals, industrial products and coal more than offsetting reductions in exploration and production, and metals mining.

The directors explain that in refining and marketing, the combination of extremely cold weather in the U.S., strong economic recovery and concern over the Gulf conflict, contributed to better market conditions and higher refined product margins and sales.

The group's pre-tax figure was after lower interest charges of £125m, compared with £161m. Tax charge was £101m higher at £359m, and after minority interests of £163m (£101m), profits, before extraordinary items, came through at £342m, against £74m.

On a replacement cost basis—current cost of sales adjustment less minorities — profits were £324m (£201m).

Capital expenditure amounted to £743m of which £392m was incurred by Sohio. In total there was an increase of £120m over the corresponding period in 1983, mainly from increased expenditure on Sohio's exploration and production activities.

Over the three months the group generated a surplus of funds of £581m.

See Lex

HIGHLIGHTS

Contrary to the stock market's unfavourable reaction to British Petroleum's first quarter, the figures came in close to all but the most optimistic of recent forecasts. The Lex column comments and then discusses the move by Charterhouse J. Rothschild to establish a joint venture with Nikko to manage U.S. pension fund money internationally. Ladbroke announced a £54m rights issue yesterday to reduce gearing and allow it to pursue its property interests. Finally the column looks at the full-year profits from Electronic Rentals, showing a 7 per cent slip to £11.2m.

Property & Reversionary lower

THE RECENT high level of developments financed internally has hit the results of Property and Reversionary Investments for the year ended March 31 1984. The group's net rental income moved up from £2.58m to £2.65m, but the profit before tax fell from £2.09m to £1.8m.

Excluding the dealing subsidiary, the loss of income from vacant properties remains high at some £420,000 (£650,000). But a gradual reduction is looked for, and during the current year there will also be some benefit from recent lettings. These factors should produce an improvement in the profit, and tax will again be low resulting from allowances.

The tax charge for 1983-84 was £144,000 (£429,000). And after minority credit £177,000 (debit £82,000) the attributable profit comes to £1.83m (£1.58m) for earnings of 6.7p (5.8p) per share. There are extraordinary credits of £132,000 (debits £101,000). The dividend is lifted from 3.5p to 3.7p net at a cost of £1m (£956,000), the final being 2.7p.

Properties have been valued and show an increase of 5.3 per cent compared with last year, excluding those sold during the year. At the year-end the net asset value equalled 259p per share, against 247p the year before. The borrowing ratio is 8.3 per cent.

The date for the completion of the joint development on the Albany Park Industrial Estate, Frimley, Surrey, has been agreed. Because of economic conditions the whole project took longer to complete than anticipated, resulting in higher interest charges.

No credit has been taken for the interest on the company's own capital invested in the scheme, and the final results indicate an increase in capital values of £1m as well as substantial tax benefits.

Among developments recently completed, Copthall House, Sutton is now 44 per cent let and Baird House, EC is 24 per cent let, but little income from these was received during the year.

Ladbroke £54m cash call for expansion

Ladbroke Group, the betting, leisure and property concern, is raising £54.1m from shareholders with a one-for-five rights issue at 191p.

The chairman, Mr Cyril Stein, speaking on the day of the group's annual meeting, said yesterday that the extra money would strengthen the group's equity base. "We have been growing for a long time and we have considerable plans to grow further. We try to move as fast as we can," he said.

The rights issue, which was backed by a forecast of 10 per cent higher dividends for the current year, will have an immediate positive impact on the company's borrowings. These have risen sharply since the end of the financial year in January from £203.7m to £242.7m at the beginning of May, mainly as a result of spending on property development in this country and the U.S.

Mr Stein estimated that the group's ratio of debt to equity, which stood at 81 per cent at the end of 1983, would fall to about 60 per cent by the end of the current year, taking into account expected profits, the rights issue and a planned revaluation of hotel properties.

But Mr Stein confirmed that the group would, as necessary, borrow more to finance its expansion plans. "We see ourselves growing our U.S. property arm more and more," he said. "We do not see ourselves growing our UK property interests—we are happy with what we have got. We will continue to grow our other major businesses."

Ladbroke last year made pre-tax profits of £42m on sales of £847m, with the major contributions coming from its betting business and from hotels and holidays.

Trading this year was buoyant and good property markets augured well for the success of the developments in New York and London, said the directors.

The new shares, will rank for this year's interim dividend which the company announced would be 4.477p, or 10 per cent up on 1983. The group also expects the final dividend to be at least 10 per cent more than for the year which ended on January 3. Ladbroke shares closed yesterday at 219p, down 11p on the day.

Dealings in the 29.3m new shares are expected to start on June 11. The issue has been underwritten by Hill Samuel and the brokers are Rowe and Pitman and L. Messel and Co.

See Lex

Electronic Rentals falls to £11m after UK downturn

A DECLINE in the number of colour television subscribers in the UK, continued pressure on rental rates, and higher costs in cable, have contributed to a £876,000 deterioration in the taxable result at Electronic Rentals Group.

Profit slipped from £12.09m to £11.21m in the year to March 31, 1984, on turnover of £192.49m. In the previous year turnover totalled £300.02m but this included £17.89m of activities now discontinued.

The profit figures for the rental division in the UK showed a sharp drop from £18.12m to £13.59m pre-interest and exceptional items. By contrast the overseas rental operations, where the directors say the markets are in differing states of maturity, turned in a result up from £5.26m to £6.17m.

An unchanged final dividend of 2.0655p is proposed (holding the total of 3.2332p. Earnings per 25p share emerged at 2.5p (2.3p) basic, and at 30.5p (30.7p) on a net cash flow basis.

The overall trading surplus increased from £82.56m to £86.31m, from which depreciation took a larger slice at £65.4m, against £59.62m, to leave operating profit reduced from £22.94m to £20.91m. Interest absorbed less at £8.64m against £10.05m.

An exceptional debit of £1.06m (£805,000) included £1.9m as rationalisation and redundancy costs mainly in the UK and Ireland and £1.1m cable rationalisation and franchise costs incurred by two of the group's subsidiaries, Visionhire and Visionhire Cable.

There costs were partially balanced by a £1.6m profit on the sale and leaseback of UK properties together with £0.4m *surplus on the disposal of rental agreements and properties*.

The tax charge was down from £6.29m to £4.7m, and minorities took less at £21,000 against £52,000. There were extraordinary debits totalling £7.13m (£7.25m), which comprised £5m additional deferred tax as a result of the budget changes, a £2m provision for cable network closure costs, and minor adjustments concerning the disposal of subsidiaries.

Commenting on the figures, Mr Maurice Fry, the chairman, states that a 4 to 5 per cent decline in UK colour TV subscribers was more than offset by a 45 per cent increase in the number of video recorder subscribers.

With regard to the future, the company is convinced of the sound long-term market for rental. It has embarked on a number of exercises designed to increase the flow of revenue and to reduce costs through adopting new trading methods. Visionhire has been restructured in order to widen its product range in selected areas, and to pursue opportunities in third party servicing. With all major activities now profitable the chairman sees a better year ahead.

The group is now selling home computers on a test basis in a *small number of its Visionhire* shops and could extend this to its more than 400 hundred outlets by the middle of next year. It says that it could consider a move into the home computer rental market once prices stabilise. See Lex

Churchbury soars to £3.3m and lifts dividend by 4p

ALTHOUGH turnover of Churchbury Estates declined by £0.78m to £5.83m over the 12 months ended March 31 1984, profits at the pre-tax level showed an improvement from £2.33m to £3.32m.

Earnings advanced by 6.8p to 24.3p per 25p share and a final dividend of 12.8p lifts the net total from 14.5p to 18.5p.

Tax accounted for £1.42m (£0.97m) and after minorities of £0.23m (£0.16m) profits at the attributable level emerged at £1.67m, compared with £1.2m. Preference and ordinary dividends will absorb £1.28m (£1m).

The group's investment properties were valued at the year-end and gave rise to a surplus of £2.7m. After incorporating this valuation, the fully diluted net asset value per share at March 31 1984 was 855p (815p).

Property sales in the UK during the year amounted to £2.2m, compared with a book value of £1.9m.

Pre-tax profits of the group's subsidiary, Law Land, rose from £2.44m to £3.42m over the same 12 months on turnover of £5.8m.

A final dividend of 2.2p (1.6p) makes a total of 3p (2.3p) net per share. Earnings totalled 4.72p (3.28p), after tax of £1.33m (£1.03m).

Quest Automation £0.16m in the black

FOLLOWING the return to profits at the halfway stage, *Quest Automation*, which supplies computer aided engineering products, continued to trade profitably in the second six months to end February, 1984. For the year as a whole, the company turned in a pre-tax surplus of £152,000, as against a £3.49m loss before.

Turnover jumped from £4.4m to £8.25m and gross profits were up to £3.7m, against £2.43m. Pre-tax figures were after charging operating expenses of £3.19m (£3.02m), technical and development expenditure of £248,000 (£259,000) and £97,000 (£535,000) interest.

There was no tax (same) and earnings per 10p share came out at 1.14p, compared with 24.97p losses. There is again no preference or ordinary dividends.

The 1982-83 comparative figures include results of Quest CAE as a net operating loss only *and have not been included* in the figures *for* turnover or operating expenses.

On the basis of the latest information available, no adjustment has been made in the last accounts for the anticipated distribution from the liquidation of Quest CAE.

The year has seen a major group restructuring following the disposal of Quest CAE, with an increasing emphasis on micro-systems sales and support designed to move the company into the fastest growing sectors of the computer industry.

The third-party maintenance, peripherals and subsystems companies are still expected in the *current year to contribute the* major part of revenue, together with the group's well-established presence in computer aided engineering systems and security terminals.

In March 1984, the company *acquired RAW Computers, and in* May Padmede Software Services, both of which, combined as Quest International Computer Technology, offer significant growth in the future. This, together with the fruits of the group's positive move into the micro-systems market, is expected to begin towards the end of the current year.

The directors believe that the company is now equipped, both financially and in terms of key personnel, to develop existing strengths, while expanding into areas in which it sees significant profitable business.

They say the disappointments of the *last few years are now behind the company*, and Quest is on a new course, which will make it an established leader in the area of microsystems distribution and support.

● comment

It looks as though Quest has at last turned the corner after two years of hefty losses, which have led to a fundamental transformation of the company's activities. Having burnt its fingers at the manufacturing end of the computer industry, it last year made a strategic decision to move into the less cash-demanding business of acting as a distributor and service agent for other manufacturers, particularly in micros. To this end Quest has moved fast—setting up dealerships, a training school for customers, a service facility and, through two recent acquisitions, extended its service base into networking and software. All *this is intended to provide the* springboard for growth in this new phase. Meanwhile, the other activities seem to be making fair progress, including the troublesome Micropod securities operation, where there has been a *much-reduced loss*, and the peripherals and sub-systems divisions, which has broken even. There will be no sparks in the short term but the new retailing emphasis is clearly the foundation for more hopeful prospects. The shares rose 4p to 37p, which puts a market value of £5.6m on the company.

Lombard N. Central at £30m

PRE-TAX profits of Lombard North Central, the instalment credit and leasing subsidiary of National Westminster Bank, rose slightly from £29m to £30.2m in the six months to March 31, 1984. Sir Hugh Cubitt, the chairman, says these reflected a very satisfactory performance in what has proved to be a difficult period.

At the net attributable level, however, profits fell sharply from £53.6m to £17.4m, reflecting a tax charge of £12m against a £30m credit before. Minorities and preference dividends took £0.8m (£0.4m). Earnings per share were down from 47.4p to 14.1p.

Group turnover, which represents the amounts financed under all forms of financial agreements entered into during the six months — excluding amounts attributable to banking, was up from £702m to £825m.

Sir Hugh reports that amounts financed in the UK were 6 per cent *higher than in the corresponding half-year*. Considerable growth has been achieved in the consumer sector, vehicle finance, and financing non-big ticket industrial equipment. Contract hire is also making an important contribution to the group.

During the period, funding costs continued to benefit from market interest rates steadily declining, although this trend has since been reversed.

Throughout the financial sector the prevailing adverse economic conditions are continuing to produce a high level of bad debts, the chairman states. Improvements in Lombard's underwriting procedures have contained the *group's bad debt experience*, but the cost of defaults continue to be a substantial factor in determining group profitability.

Overseas subsidiaries have performed well, with profits increased to £6m, says Sir Hugh. The Australian group had the advantage of an upturn in the local economy and increased its contribution from £3m to £4.4m. The return from the New Zealand subsidiaries rose by *£0.8m to £1.4m, which included* a £0.4m surplus from property realisation.

Lombard Tricity Finance, which provides finance for consumer durable goods, increased its profit substantially to £1.2m.

Sir Hugh says that the proposed changes in rates of corporation tax and capital allowances announced in the Budget will have a significant effect on the group's provision for deferred tax liabilities. In compliance with SSAP 15 the group previously provided for only a proportion of its deferred tax liabilities, but maintained a special reserve equal to its unprovided deferred tax liability; at September 30 1983 the balance on this reserve stood at £546m.

The chairman reports that present indications are that some £400m of the special reserve will be utilised and the balance transferred to general reserve. *The relative adjustments will be* reflected in the full year accounts.

While the new tax proposals make it difficult to forecast future volumes of leasing and profits, it is not expected that they *will have* any adverse effects on group profitability in the current year, he adds.

If only the stock market was as predictable as ITV.

APRIL 1983

1	Coronation Street	ITV	16.70m
2	Coronation Street	ITV	16.60m
3	Coronation Street	ITV	16.00m
4	Coronation Street	ITV	15.25m
5	This is Your Life	ITV	14.90m
6	Coronation Street	ITV	14.65m
7	Coronation Street	ITV	14.60m
8	Coronation Street	ITV	14.55m
9	Carry On Laughing	ITV	14.40m
10	3-2-1	ITV	14.30m
11	This is Your Life	ITV	14.10m
12	Coronation Street	ITV	13.80m
13	Family Fortunes	ITV	13.30m
14	Crossroads	ITV	13.25m
14=	Crossroads	ITV	13.25m
16	Crossroads	ITV	13.15m
17	T J Hooker	ITV	13.00m
17=	Family Fortunes	ITV	13.00m
19	Only When I Laugh	ITV	12.95m
19=	*The Grand National*	BBC	12.95m
21	Family Fortunes	ITV	12.90m
22	The Kenny Everett Television Show	BBC	12.80m
22=	Widows	ITV	12.80m
22=	Crossroads	ITV	12.80m
25	Carry on Laughing	ITV	12.75m
26	Widows	ITV	12.50m
26=	The Paras	BBC	12.50m
26=	Eurovision Song Contest 1983	BBC	12.50m
29	Crossroads	ITV	12.30m
29=	Crossroads	ITV	12.30m
31	Where There's Life	ITV	12.20m
32	Crossroads	ITV	12.10m
32=	Dallas	BBC	12.10m
34	Punchlines	ITV	12.05m
34=	Crossroads	ITV	12.05m
36	Only When I Laugh	ITV	11.80m
36=	Family Fortunes	ITV	11.80m
36=	Crossroads	ITV	11.80m
39	Crossroads	ITV	11.75m
39=	Crossroads	ITV	11.75m
41	Are You Being Served?	BBC	11.70m
42	The Kenny Everett Television Show	BBC	11.55m
43	Top of the Pops	BBC	11.45m
43=	Nine O'Clock News	BBC	11.45m
45	Crossroads	ITV	11.30m
46	The Children's Royal Variety Performance	ITV	11.15m
46=	Emmerdale Farm	ITV	11.15m
46=	Carry on Laughing	ITV	11.15m
49	Time of Your Life	BBC	11.10m
50	Knight Rider	ITV	11.00m
50=	Only When I Laugh	ITV	11.00m
50=	That's Life	BBC	11.00m

MAY 1983

1	Coronation Street	ITV	16.55m
2	Coronation Street	ITV	15.20m
3	Coronation Street	ITV	14.70m
4	Coronation Street	ITV	14.40m
5	Coronation Street	ITV	14.10m
6	Coronation Street	ITV	14.00m
7	*Coronation Street*	ITV	13.70m
8	Coronation Street	ITV	13.25m
9	3-2-1	ITV	12.85m
10	Crossroads	ITV	12.75m
11	Dallas	BBC	12.70m
12	Where Eagles Dare	BBC	12.65m
13	That's Life	BBC	12.60m
14	F.A. Cup Final Replay	BBC	12.50m
15	Crossroads	ITV	12.40m
16	Crossroads	ITV	12.35m
17	Crossroads	ITV	12.25m
17=	Jamaica Inn (21.00)	ITV	12.25m
19	Family Fortunes	ITV	12.20m
20	Where There's Life	ITV	12.10m
21	Russ Abbot's Madhouse	ITV	12.05m
21=	Family Fortunes	ITV	12.05m
21=	Family Fortunes	ITV	12.05m
24	European Cup Winners Cup Final	ITV	11.95m
24=	Family Fortunes	ITV	11.95m
26	Crossroads	ITV	11.90m
27	Crossroads	ITV	11.85m
27=	News and Weather	BBC	11.85m
27=	Some Mothers Do 'Ave 'Em	BBC	11.85m
27=	Crossroads	ITV	11.85m
27=	Crossroads	ITV	11.85m
32	T J Hooker	ITV	11.80m
33	News at Ten	ITV	11.75m
34	Emmerdale Farm	ITV	11.65m
35	Crossroads	ITV	11.50m
36	Emmerdale Farm	ITV	11.45m
36=	Where There's Life	ITV	11.45m
38	That's Life	BBC	11.40m
39	3-2-1	ITV	11.35m
40	Emmerdale Farm	ITV	11.30m
40=	Crossroads	ITV	11.30m
42	Jamaica Inn (22.30)	ITV	11.15m
43	Dallas	BBC	11.10m
44	Jamaica Inn	ITV	11.05m
44=	The 1983 British Beauty Champ'ships	ITV	11.05m
46	Knight Rider	ITV	11.00m
47	Give Us A Clue	ITV	10.95m
47=	Emmerdale Farm	ITV	10.95m
49	Russ Abbot's Madhouse	ITV	10.85m
50	Last of the Summer Wine	BBC	10.80m

JUNE 1983

1	Coronation Street	ITV	14.20m
2	Coronation Street	ITV	13.70m
3	Coronation Street	ITV	13.65m
4	When Time Ran Out	ITV	13.60m
5	Coronation Street	ITV	13.00m
6	Coronation Street	ITV	12.85m
7	Coronation Street	ITV	12.35m
8	Coronation Street	ITV	12.30m
9	Coronation Street	ITV	12.15m
10	Coronation Street	ITV	12.05m
11	Coronation Street	ITV	11.75m
12	Crossroads	ITV	11.55m
13	Crossroads	ITV	11.35m
14	Crossroads	ITV	11.10m
15	That's Life	BBC	10.95m
16	Emmerdale Farm	ITV	10.70m
16=	Crossroads	ITV	10.70m
16=	Crossroads	ITV	10.70m
19	The Morecambe & Wise Show	ITV	10.65m
20	Crossroads	ITV	10.60m
21	The Gaffer	ITV	10.55m
21=	Crossroads	ITV	10.55m
23	That's Life	BBC	10.50m
23=	Family Fortunes	ITV	10.50m
25	Crossroads	ITV	10.45m
26	Earthquake	ITV	10.40m
27	Family Fortunes	ITV	10.35m
27=	Where There's Life	ITV	10.35m
29	That's Life	BBC	10.30m
29=	Family Fortunes	ITV	10.30m
31	Family Fortunes	ITV	10.20m
31=	Jim Davidson's Special	ITV	10.20m
33	Knight Rider	ITV	10.10m
34	That's Life	BBC	10.05m
34=	Knight Rider	ITV	10.05m
36	Emmerdale Farm	ITV	9.90m
37	Crossroads	ITV	9.85m
37=	Where There's Life	ITV	9.85m
37=	Crossroads	ITV	9.85m
40	Emmerdale Farm	ITV	9.75m
40=	Crossroads	ITV	9.75m
42	Tales of the Unexpected	ITV	9.70m
42=	Starburst	ITV	9.70m
44	Emmerdale Farm	ITV	9.65m
44=	Tales of the Unexpected	ITV	9.65m
46	The Gaffer	ITV	9.65m
47	The Time of Your Life	BBC	9.60m
47=	Where There's Life	ITV	9.60m
47=	The Gaffer	ITV	9.60m
50	Michael Barrymore	ITV	9.55m

JULY 1983

1	Coronation Street	ITV	12.85m
2	Coronation Street	ITV	12.40m
3	Coronation Street	ITV	12.30m
4	Coronation Street	ITV	12.25m
5	Coronation Street	ITV	12.20m
6	*Coronation Street*	ITV	12.05m
6=	Coronation Street	ITV	12.05m
8	Coronation Street	ITV	12.00m
9	The A-Team	ITV	10.85m
10	Crossroads	ITV	10.60m
11	Candid Camera – Now & Then	ITV	10.45m
12	Crossroads	ITV	10.35m
13	Candid Camera's – 35th Birthday Party	ITV	10.10m
14	Crossroads	ITV	10.05m
15	Crossroads	ITV	10.00m
16	Tales of The Unexpected	ITV	9.95m
17	Crossroads	ITV	9.90m
17=	Crossroads	ITV	9.90m
19	The Krypton Factor	ITV	9.75m
20	Crossroads	ITV	9.65m
20=	T J Hooker	ITV	9.65m
20=	Winner Takes All	ITV	9.65m
23	Crossroads	ITV	9.55m
23=	Crossroads	ITV	9.55m
25	News & Sport	BBC	9.50m
26	Crossroads	ITV	9.45m
26=	News At Ten	ITV	9.45m
28	Winner Takes All	ITV	9.30m
29	Crossroads	ITV	9.25m
30	Jemima Shore Investigates	ITV	9.15m
31	Starburst	ITV	9.10m
32	Crossroads	ITV	9.05m
32=	The Krypton Factor	ITV	9.05m
34	Where There's Life	ITV	9.00m
34=	News at Ten	ITV	9.00m
34=	Where There's Life	ITV	9.00m
37	Where There's Life	ITV	8.90m
38	Winner Takes All	ITV	8.70m
39	T J Hooker	ITV	8.65m
40	Starburst	ITV	8.60m
40=	News At Ten	ITV	8.60m
42	News At Ten	ITV	8.55m
42=	News At Ten	ITV	8.55m
44	The Krypton Factor	ITV	8.50m
44=	Where There's Life	ITV	8.50m
46	Ultra Quiz	ITV	8.45m
46=	Winner Takes All	ITV	8.45m
48	Knight Rider	ITV	8.35m
48=	Jemima Shore Investigates	ITV	8.35m
48=	The Cabbage Patch	ITV	8.35m

AUGUST 1983

1	Coronation Street	ITV	13.30m
2	Coronation Street	ITV	13.20m
3	Coronation Street	ITV	12.95m
4	Coronation Street	ITV	12.85m
5	Coronation Street	ITV	12.75m
6	Coronation Street	ITV	12.55m
7	Coronation Street	ITV	12.20m
7=	Coronation Street	ITV	12.20m
9	It's Your Move	ITV	11.30m
10	Crossroads	ITV	11.00m
11	Crossroads	ITV	10.85m
12	Crossroads	ITV	10.80m
13	Crossroads	ITV	10.70m
14	Miss United Kingdom	ITV	10.65m
15	The Krypton Factor	ITV	10.45m
16	Crossroads	ITV	10.15m
16=	Crossroads	ITV	10.15m
18	Crossroads	ITV	10.10m
19	The Krypton Factor	ITV	10.00m
19=	The A-Team	ITV	10.00m
21	Where There's Life	ITV	9.90m
21=	Jemima Shore Investigates	ITV	9.90m
23	Yarwood In Town	ITV	9.85m
23=	The A-Team	ITV	9.85m
25	Crossroads	ITV	9.75m
26	The A-Team	ITV	9.70m
27	The Krypton Factor	ITV	9.60m
27=	The Nine O'Clock News	BBC	9.60m
29	Crossroads	ITV	9.50m
29=	Jemima Shore Investigates	ITV	9.50m
29=	The Greek Tycoon	ITV	9.50m
32	The A-Team	ITV	9.45m
33	Where There's Life	ITV	9.35m
33=	The Krypton Factor	ITV	9.35m
35	News at Ten	ITV	9.25m
36	Winner Takes All	ITV	9.20m
36=	Where There's Life	ITV	9.20m
36=	Winner Takes All	ITV	9.20m
39	The Happy Apple	ITV	9.15m
39=	Winner Takes All	ITV	9.15m
41	Crossroads	ITV	9.10m
42	News at Ten	ITV	8.80m
43	Survival Special	ITV	8.75m
44	Jemima Shore Investigates	ITV	8.60m
44=	The Passage	ITV	8.60m
46	The Cabbage Patch	ITV	8.55m
46=	The Cabbage Patch	ITV	8.55m
48	Starburst	ITV	8.50m
49	The Nine O'Clock News	BBC	8.40m
50	The Cabbage Patch	ITV	8.35m
50=	Ultra Quiz	ITV	8.35m

SEPTEMBER 1983

1	Coronation Street	ITV	14.85m
2	Coronation Street	ITV	14.80m
3	Coronation Street	ITV	14.60m
4	The Winds Of War	ITV	14.50m
5	Coronation Street	ITV	14.40m
6	Coronation Street	ITV	14.30m
7	Coronation Street	ITV	14.25m
7=	The A-Team	ITV	14.25m
9	Coronation Street	ITV	14.20m
10	Coronation Street	ITV	13.90m
11	Star Wars	ITV	13.70m
12	Winner Takes All	ITV	13.50m
13	The Winds Of War	ITV	13.45m
14	The Sea Wolves	ITV	13.30m
14=	The Winds Of War	ITV	13.30m
16	The Morecambe & Wise Show	ITV	13.25m
17	The A-Team	ITV	13.15m
18	Keep It In The Family	ITV	12.85m
19	Give Us A Clue	ITV	12.70m
20	The A-Team	ITV	12.65m
21	Coronation Street	ITV	12.55m
22	The Winds Of War	ITV	12.25m
23	The Morecambe & Wise Show	ITV	12.15m
23=	The Winds Of War	ITV	12.15m
23=	The Winds Of War	ITV	12.15m
23=	Punchlines	ITV	12.15m
27	The Benny Hill Show	ITV	12.00m
28	Escape from Alcatraz	ITV	11.95m
29	The Morecambe & Wise Show	ITV	11.90m
30	Crossroads	ITV	11.80m
30=	Crossroads	ITV	11.80m
32	Beyond The Poseidon Adventure	ITV	11.75m
33	The Krypton Factor	ITV	11.65m
34	Give Us A Clue	ITV	11.60m
35	Winner Takes All	ITV	11.55m
36	The Final Countdown	ITV	11.50m
37	Crossroads	ITV	11.45m
37=	Winner Takes All	ITV	11.45m
39	The Bounder	ITV	11.40m
40	Crossroads	ITV	11.35m
40=	Crossroads	ITV	11.35m
40=	Crossroads	ITV	11.35m
40=	The Bounder	ITV	11.35m
44	Crossroads	ITV	11.30m
44=	Crossroads	ITV	11.30m
46	The Pink Panther Strikes Again	ITV	11.25m
46=	The Krypton Factor	ITV	11.25m
48	Give Us A Clue	ITV	11.20m
48=	Game For A Laugh	ITV	11.20m
50	The A-Team	ITV	11.15m
50=	The Winds Of War	ITV	11.15m
50=	Crossroads	ITV	11.15m
50=	Keep It In The Family	ITV	11.15m
50=	The Mean Machine	ITV	11.15m

OCTOBER 1983

1	Coronation Street	ITV	16.10m
2	Coronation Street	ITV	16.05m
3	Coronation Street	ITV	15.25m
4	Coronation Street	ITV	15.20m
5	Coronation Street	ITV	15.00m
6	Coronation Street	ITV	14.80m
7	Name That Tune	ITV	14.75m
8	This Is Your Life Special	ITV	14.55m
9	Coronation Street	ITV	14.20m
9=	The A-Team	ITV	14.20m
11	The Winds Of War	ITV	14.10m
11=	The Krypton Factor Final	ITV	14.10m
13	The Morecambe & Wise Show	ITV	13.95m
14	The A-Team	ITV	13.90m
15	Name That Tune	ITV	13.80m
16	Jaws 2	ITV	13.75m
17	Family Fortunes	ITV	13.60m
18	Coronation Street	ITV	13.50m
18=	Family Fortunes	ITV	13.50m
18=	Give Us A Clue	ITV	13.50m
21	The A-Team	ITV	13.45m
22	The A-Team	ITV	13.40m
23	Winner Takes All	ITV	13.15m
24	Keep It In The Family	ITV	13.10m
25	The Morecambe & Wise Show	ITV	12.90m
26	Keep It In The Family	ITV	12.85m
27	Hardcastle & McCormick	ITV	12.70m
27=	Raise The Titanic	ITV	12.70m
29	Crossroads	ITV	12.65m
30	Give Us A Clue	ITV	12.60m
30=	Airport '80 – Concorde	ITV	12.60m
30=	Crossroads	ITV	12.60m
33	Punchlines	ITV	12.55m
34	Game For A Laugh	ITV	12.50m
34=	Crossroads	ITV	12.50m
36	Never The Twain	ITV	12.45m
36=	Russ Abbot's Madhouse	ITV	12.45m
38	Family Fortunes	ITV	12.40m
39	Give Us A Clue	ITV	12.35m
40	Punchlines	ITV	12.10m
41	Russ Abbot's Madhouse	ITV	12.05m
41=	Crossroads	ITV	12.05m
43	Partners In Crime	ITV	12.00m
44	Give Us A Clue	ITV	11.95m
45	Punchlines	ITV	11.85m
46	Partners In Crime	ITV	11.80m
46=	Punchlines	ITV	11.80m
48	Dallas	BBC	11.75m
48=	Play Your Cards Right	ITV	11.75m
50	The Krypton Factor	ITV	11.70m
50=	Just Good Friends	BBC	11.70m
50=	The Krypton Factor	ITV	11.70m
50=	The Bounder	ITV	11.70m

NOVEMBER 1983

1	Coronation Street	ITV	15.80m
2	Coronation Street	ITV	15.70m
3	Coronation Street	ITV	15.65m
4	Coronation Street	ITV	15.00m
5	Miss World 1983	ITV	14.95m
6	This Is Your Life	ITV	14.65m
7	Coronation Street	ITV	14.60m
8	The A-Team	ITV	14.55m
8=	Coronation Street	ITV	14.55m
8=	Coronation Street	ITV	14.55m
11	Coronation Street	ITV	14.45m
12	Family Fortunes	ITV	14.25m
13	Give Us A Clue	ITV	14.10m
13=	Give Us A Clue	ITV	14.10m
13=	Name That Tune	ITV	14.10m
13=	This Is Your Life	ITV	14.10m
13=	The A-Team	ITV	14.10m
13=	This Is Your Life	ITV	14.10m
19	The Benny Hill Show	ITV	13.95m
20	Never The Twain	ITV	13.90m
21	Give Us A Clue	ITV	13.80m
22	Name That Tune	ITV	13.60m
22=	Family Fortunes	ITV	13.60m
24	Family Fortunes	ITV	13.50m
25	A Fine Romance	ITV	13.35m
25=	A Fine Romance	ITV	13.35m
27	Give Us A Clue	ITV	13.30m
28	Never The Twain	ITV	13.20m
28=	The Benny Hill Show	ITV	13.20m
28=	The A-Team	ITV	13.20m
31	Never The Twain	ITV	13.15m
31=	Russ Abbot's Madhouse	ITV	13.15m
33	Royal Variety Performance (19:16)	ITV	13.05m
33=	The A-Team	ITV	13.05m
33=	A Fine Romance	ITV	13.05m
36	This Is Your Life	ITV	12.95m
37	Punchlines	ITV	12.80m
38	Crossroads	ITV	12.75m
39	Russ Abbot's Madhouse	ITV	12.65m
40	Punchlines	ITV	12.50m
40=	Family Fortunes	ITV	12.50m
42	Russ Abbot's Madhouse	ITV	12.45m
43	Punchlines	ITV	12.40m
44	Name That Tune	ITV	12.35m
44=	Hotel	ITV	12.35m
46	The Benny Hill Show	ITV	12.30m
47	Crossroads	ITV	12.15m
47=	A Fine Romance	ITV	12.15m
49	Crossroads	ITV	12.10m
49=	Paul Daniels Magic Show	BBC	12.10m

DECEMBER 1983

1	Coronation Street	ITV	16.95m
2	Coronation Street	ITV	16.05m
3	Coronation Street	ITV	15.95m
4	Coronation Street	ITV	15.25m
5	Coronation Street	ITV	15.20m
6	This Is Your Life	ITV	15.15m
7	Coronation Street	ITV	14.90m
8	Coronation Street	ITV	14.85m
8=	This Is Your Life	ITV	14.85m
10	Name That Tune	ITV	14.50m
11	Up The Elephant & Round The Castle	ITV	14.35m
11=	Cannon & Ball	ITV	14.35m
13	Name That Tune	ITV	14.30m
14	Up The Elephant & Round The Castle	ITV	14.25m
15	The Last of The Summer Wine	BBC	14.20m
16	Name That Tune	ITV	14.00m
17	In Loving Memory	ITV	13.90m
17=	This Is Your Life	ITV	13.90m
19	In Loving Memory	ITV	13.85m
19=	The Two Ronnies	BBC	13.85m
19=	3-2-1	ITV	13.85m
22	In Loving Memory	ITV	13.80m
22=	Coronation Street	ITV	13.80m
24	This Is Your Life	ITV	13.75m
24=	Coronation Street	ITV	13.75m
26	The A-Team	ITV	13.70m
27	Up The Elephant & Round The Castle	ITV	13.65m
28	Give Us A Clue	ITV	13.55m
29	Family Fortunes	ITV	13.50m
30	The Two Ronnies	BBC	13.25m
31	Give Us A Clue	ITV	13.20m
31=	Give Us A Clue	ITV	13.20m
33	Give Us A Clue	ITV	13.10m
34	Crossroads	ITV	12.80m
34=	Up The Elephant & Round The Castle	ITV	12.80m
36	In Loving Memory	ITV	12.70m
36=	Name That Tune	ITV	12.70m
38	Cannon & Ball	ITV	12.65m
39	A Fine Romance	ITV	12.55m
39=	Xmas Family Fortunes	ITV	12.55m
41	Crossroads	ITV	12.45m
42	Family Fortunes	ITV	12.35m
42=	Crossroads	ITV	12.35m
42=	The Two Ronnies	BBC	12.35m
42=	Dallas	BBC	12.35m
46	Crossroads	ITV	12.30m
47	Noel Edmunds Late Late Breakfast Show	BBC	12.15m
47=	Crossroads	ITV	12.15m
47=	All Creatures Great & Small	BBC	12.15m
50	Cannon & Ball	ITV	12.10m

JANUARY 1984

1	Coronation Street	ITV	17.80m
2	Coronation Street	ITV	17.40m
3	Coronation Street	ITV	17.05m
4	Coronation Street	ITV	16.90m
4=	Coronation Street	ITV	16.90m
4=	Coronation Street	ITV	16.90m
7	Thunderball	ITV	16.65m
8	This Is Your Life	ITV	16.05m
9	Coronation Street	ITV	15.80m
10	The Thorn Birds	BBC	15.75m
11	The Thorn Birds	BBC	15.45m
12	In Loving Memory	ITV	15.30m
13	Coronation Street	ITV	14.90m
14	The Thorn Birds	BBC	14.85m
15	This Is Your Life	ITV	14.80m
16	Name That Tune	ITV	14.75m
17	Wish You Were Here	ITV	14.65m
17=	This Is Your Life	ITV	14.65m
19	Name That Tune	ITV	14.60m
20	Bergerac	BBC	14.50m
21	Name That Tune	ITV	14.45m
21=	Wish You Were Here	ITV	14.45m
23	News & Weather	BBC	14.40m
24	A Fine Romance	ITV	14.20m
25	The Thorn Birds	BBC	14.10m
26	Name That Tune	ITV	13.95m
27	Up The Elephant & Round The Castle	ITV	13.80m
28	3-2-1	ITV	13.60m
29	The Two Ronnies	BBC	13.55m
30	The Two Ronnies	BBC	13.50m
30=	Minder	ITV	13.50m
30=	That's Life	BBC	13.50m
33	Wish You Were Here	ITV	13.45m
34	Child's Play	ITV	13.35m
35	News & Weather	BBC	13.20m
36	A Fine Romance	ITV	13.15m
37	Give Us A Clue	ITV	13.00m
38	This Is Your Life	ITV	12.95m
38=	Minder	ITV	12.95m
38=	News & Sport (21:46)	BBC	12.95m
41	A Fine Romance	ITV	12.90m
41=	World In Action	ITV	12.90m
43	Up The Elephant & Round The Castle	ITV	12.75m
43=	Hi-De-Hi	BBC	12.75m
43=	3-2-1	ITV	12.75m
46	Crossroads	ITV	12.70m
47	That's Life	BBC	12.60m
48	Hi-De-Hi	BBC	12.55m
49	Foxy Lady	ITV	12.50m
50	3-2-1	ITV	12.45m
50=	Crossroads	ITV	12.45m

FEBRUARY 1984

1	Coronation Street	ITV	17.65m
2	Coronation Street	ITV	17.25m
3	Coronation Street	ITV	16.75m
4	Coronation Street	ITV	16.55m
5	Coronation Street	ITV	16.10m
6	This Is Your Life	ITV	16.00m
7	Olympic Grandstand	BBC	15.95m
8	The A-Team	ITV	15.80m
9	Coronation Street	ITV	15.65m
10	3-2-1	ITV	15.45m
11	Coronation Street	ITV	15.30m
11=	Minder	ITV	15.30m
11=	Child's Play	ITV	15.30m
14	Name That Tune	ITV	15.20m
14=	*Coronation Street*	ITV	15.20m
14=	This Is Your Life	ITV	15.20m
17	Duty Free	ITV	15.10m
18	Duty Free	ITV	15.00m
18=	This Is Your Life	ITV	15.00m
20	This Is Your Life	ITV	14.95m
21	A Fine Romance	ITV	14.80m
22	Wish You Were Here	ITV	14.75m
23	A Fine Romance	ITV	14.70m
23=	Minder	ITV	14.70m
23=	Minder	ITV	14.70m
26	Name That Tune	ITV	14.55m
27	In Loving Memory	ITV	14.45m
28	The A-Team	ITV	14.25m
29	Wish You Were Here	ITV	14.15m
30	Wish You Were Here	ITV	14.05m
30=	In Loving Memory	ITV	14.05m
30=	The Other 'Arf	ITV	14.05m
33	Minder	ITV	13.85m
33=	The A-Team	ITV	13.85m
35	Yanks	ITV	13.75m
36	3-2-1	ITV	13.60m
37	Country Diary of an Edwardian Lady	ITV	13.55m
38	Name That Tune	ITV	13.50m
39	Child's Play	ITV	13.45m
39=	3-2-1	ITV	13.45m
41	Auf Wiedersehen Pet	ITV	13.40m
41=	Silver Streak	ITV	13.40m
43	Child's Play	ITV	13.35m
43=	3-2-1	ITV	13.35m
45	A Fine Romance	ITV	13.20m
46	Child's Play	ITV	13.00m
47	Foxy Lady	ITV	12.80m
48	Auf Wiedersehen Pet	ITV	12.70m
49	Crossroads	ITV	12.45m
50	Crossroads	ITV	12.35m

MARCH 1984

1	It'll Be Alright On The Night 4	ITV	16.90m
2	Duty Free	ITV	16.65m
3	Coronation Street	ITV	16.60m
4	Coronation Street	ITV	16.35m
4=	Duty Free	ITV	16.35m
6	Minder	ITV	16.25m
7	*Coronation Street*	ITV	15.95m
8	Minder	ITV	15.90m
9	Coronation Street	ITV	15.80m
9=	Coronation Street	ITV	15.80m
11	Coronation Street	ITV	15.75m
12	Duty Free	ITV	15.65m
13	Coronation Street	ITV	15.45m
13=	This Is Your Life	ITV	15.45m
15	Duty Free	ITV	15.40m
16	This Is Your Life	ITV	15.35m
17	Minder	ITV	15.10m
18	Coronation Street	ITV	15.05m
19	Diamonds Are Forever	ITV	14.90m
20	Coronation Street	ITV	14.85m
21	Coronation Street	ITV	14.50m
22	The Price is Right	ITV	14.25m
23	3-2-1	ITV	14.10m
24	Duty Free	ITV	14.05m
25	Minder	ITV	13.95m
26	World Figure Skating Championships	BBC	13.75m
27	The Price is Right	ITV	13.70m
28	3-2-1	ITV	13.65m
28=	Fresh Fields	ITV	13.65m
30	3-2-1	ITV	13.50m
31	Fresh Fields	ITV	13.40m
31=	Wish You Were Here	ITV	13.40m
33	This Is Your Life	ITV	13.15m
34	Live From Her Majesty's	ITV	13.10m
35	Child's Play	ITV	12.85m
35=	Wish You Were Here	ITV	12.85m
37	Milk Cup Final Replay	ITV	12.80m
38	Child's Play	ITV	12.75m
39	Wish You Were Here	ITV	12.70m
40	Fresh Fields	ITV	12.65m
40=	T J Hooker	ITV	12.65m
40=	This Is Your Life	ITV	12.65m
40=	T J Hooker	ITV	12.65m
44	Crossroads	ITV	12.50m
44=	Shroud For a Nightingale	ITV	12.50m
44=	Crossroads	ITV	12.50m
47	Crossroads	ITV	12.45m
47=	Live From Her Majesty's	ITV	12.45m
49	Child's Play	ITV	12.40m
50	Shroud For a Nightingale	ITV	12.25m

ITV's investment in programming consistently pays dividends for television advertisers.

Month-by-month dominance of the national top 50 charts throughout the last 12 months represents a major asset.

And the yield has increased. Total hours of viewing showed growth of 5% for the first quarter of this year, with ITV and Channel 4's share growing from 51.9% to 53.8%.

So if someone asks you about advertising investment you know what to say.

No ITV... no comment.

UK COMPANY NEWS

BIDS AND DEALS

600 Group makes trading profit in the second half

A MUCH brighter picture is being painted at the 600 Group. There is an improvement in the home market, orders in hand are much higher than a year ago, so that a return to more reasonable trading results is anticipated in the first half of the current year with the machine tool division back into profit and further improvement in results from both the iron and steel engineering sections.

This is a follow up of a much better performance in the second half of the year ended March 31 1984, when the group moved into a trading profit of £262,000 after the near £1m loss in the first. This cuts the trading loss for the year from £1.76m to £690,000, but with £2.92m (£4m) surplus on sale of properties and £1.61m (£1.04m) related companies, the pre-tax profit is pushed up from £3.29m to £3.84m. A same-again final dividend of 2.91p maintains the total at 5.25p net.

There is also improvement in the financial position, with the overall level of cash and borrowings being reduced, Sir Jack Wellings, chairman, says cash received from the sale of the stake in Clausing Corporation of the U.S. will immediately put 600 in the position to repay most of its short-term borrowings with a substantial saving in outlay, comparing the reduction in interest costs with dividends previously received.

"We are also now able to press ahead more freely with expansion of the group into relevant growth areas," he tells members.

In 1983-84, external turnover was up from £132.67m to £145.57m. The trading improvement started in the U.S. and then moved on to other overseas countries, and this enabled the group to increase exports from the UK to £55.76m and raise its overseas sales to £81.22m. Total sales were split as to, £000s:—iron and steel products and services £53,561 (£40,830); machine tools £60,051 (£56,735); other engineering products and services £31,955 (£35,104).

Trading loss was split as to, £000s:—Iron and steel profit £1,007 (loss £450); machine tools losses £2,061 (£116); others profit £364 (loss £1,192).

After tax £2.16m (£1.19m) the net profit came out at £1.69m (£2.1m). There are extraordinary credits of £132,000 (debits £2.63m) and cost of the dividend is £2.46m. Earnings are shown at 3.5p (4.6p).

During the year "top priority" was given to the design and development of new computer numerically controlled machine tool products, says the chairman. Nearly £1m was spent.

A large part of the property in Letchworth, which had been for disposal for some years, was sold at the end of 1983-84 for £3.25m. Costs of reorganisation were nearly eliminated.

A 50-50 joint venture was formed with Parry Brentford (Holdings) last September to modify and operate the specialised plant of Ferrous Fragmentisers in order to meet the latest demand for this type of ferrous scrap, at home and overseas. The modified plant came into operation at the beginning of the current year.

● comment

Asset sales are providing a convenient prop for The 600 Group, which has had to dig into reserves for three years now to pay the dividend. At the bottom line it is a difficult company to value in any meaningful way because of the irritating combination of apparent asset strength—net worth is around twice the 85p share price, itself supported by the 9 per cent yield—and lack-lustre trading. Of course asset sales have to come to an end at some stage and the tone of the statement seems to imply that the time has come. This, in turn, suggests that trading is at last picking up. Demand, it seems, is improving in both the machine tools and scrap metals divisions, and the company seems especially confident that it can return the former into profit this year. If this is so there is every possibility of around £4m or so pre-tax on the trading account, which will be topped up by about £12m by the proceeds of the Clausing sale. This will look good in the p and l account but should not detract from the cyclical nature of 600's activities as well as the competitive element in all its operations.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Elson and Robbins, Tomkinsons.

Finals: Elswick-Hopper, Hunting Gibson, Rowton Hotels, Somic, Sound Diffusion, Sumrie Clothes, Tnefus.

FUTURE DATES

Interims—	
Carlton Communications	June 12
Countryside Properties	June 19
Kenning Motor	June 14
Manchester Ship Canal	Aug 13
Nash Industries	June 22
Rentokil	Aug 21
United Spring and Steel	June 18
Winterbottom Energy Trust	June 13
Finals—	
Chamberlain Phipps	June 18
Collen's Stores	†June 29
Fitch Lovell	July 5
Textured Jersey	June 29
Wyndham Engineering	June 11

† Amended.

Strong $ gives Beefeater a boost

James Burrough, the Beefeater gin distiller, made further strong headway over the 12 months ended February 29, 1984 and lifted its pre-tax profits from £5.07m to £7.79m, an improvement of 54 per cent.

The results were struck after making a special payment of £380,000 to the group's pension fund. Group turnover soared by 25 per cent to £57.46m (£46.11m).

Mr Norman Burrough, the chairman, says the results show a continuation of the growth pattern set last year when profits increased by 44 per cent.

The group again benefited from the strength of the U.S. dollar and has invested some of the benefit in plant to contain unit costs and in marketing to underpin future sales growth.

Beefeater Gin sales worldwide showed an increase and market conditions throughout the developed world improved. The product's total share of export shipments showed a material improvement.

Earnings for the year amounted to 28.2p (18.1p) and a second interim dividend of 6.6p (5.8p) lifts the net total by 1.6p to 9.6p per 25p share. A bonus issue of one 9 per cent preference share for every four ordinary is also proposed.

After two years of rapidly rising profits the current year is expected to be one of consolidation, Mr Burrough says costs are beginning to rise again and it has become more difficult to increase prices. The year is viewed with "confidence, tempered with caution."

Over the past year the group's other activities—fine alcohols, high quality foods and export trading—faced stiff competition and produced mixed results.

Initial reactions to the recently launched ready to drink Beefeater double gin and tonic are "promising."

The company's shares are traded in the market made by Granville & Co.

Equity slump hits LCA issue

The secondary offering of 13.35m ordinary shares in London and Continental Advertising has fallen foul of the slump in the equity market last month. Only two-thirds of the issue was applied for.

The issue, priced at 120p a share, was pitched at the beginning of May to part finance the company's acquisition of the much larger London & Provincial Poster Group from Reed International for £20m.

LCA's shares were suspended on the USM in March at 42p, or an equivalent price of 105p after the capital reconstruction.

Such has been the decline of equity values as a whole that only 740 applications were received for 8.87m new shares, or 66.5 per cent of the issue. Although only £10.65m of stock was applied for the issue was underwritten.

The acquisition of London & Provincial Poster is likely to be completed on June 12 and dealings on the full market will start the following day.

John Williams

John Williams of Cardiff cut pre-tax losses from £629,000 to £84,000 in the six months to March 31 1984. But after taking in an extraordinary debit of £603,000 this time, and minorities, the attributable deficit was £78,000 higher at £678,000.

The extraordinary items include a £323,000 reduction to revaluation reserve and £280,000 in respect of net closure costs to date on Jonwindows, Central Shearline and Stewart Thomson.

Turnover for the half year dropped from £8.23m to £5.02m and at the pre-interest level the company made a profit of £119,000 (£365,000 loss). Interest charges were down from £265,000 to £203,000. There was no tax (same) and loss per 25p share came to 1.08p (8.66p).

The interim dividend is again omitted—the last payments were in respect of 1980-81.

S. F. Collins

National Westminster Bank has appointed Mr K. R. Jones and Mr M. Hore of Robson Rhodes as joint receivers of the Birmingham-based supermarket chain, S. F. Collins Ltd.

Thorn EMI moves closer to defining merger terms

BY ALEXANDER NICOLL

Thorn EMI, the electronics group, yesterday moved closer to defining the terms of the merger it hopes to achieve with British Aerospace, manufacturer of aircraft and guided weapons.

As part of a continuing series of discussions between the two sides, Thorn EMI chairman Mr Peter Laister met Sir Austin Pearce, chairman of BAe, for about two hours.

The meeting took place amid intense stock market speculation that a Thorn EMI bid for BAe was imminent. But Thorn EMI only said afterwards that discussions were still continuing.

BAe said the two men exchanged proposals on the structure of a merged company. It was believed that their talks also covered a number of other topics without touching on specific terms of a Thorn EMI bid.

After rising sharply earlier in the day, BAe shares settled to close 9p higher at 253p, valuing the company at £766m.

Reflecting the City's concern about the implications for Thorn EMI of a tie-up with BAe, its shares fell 13p to 528p. Shares of General Electric Company, which last week began talks with BAe about a possible bid or collaboration, fell 4p yesterday to 160p.

In the absence of definite proposals from either side, institutional investors are keeping an open mind on BAe's future. Initial reaction was that GEC's defence interests would fit better with BAe than would the more diversified Thorn EMI group, but many institutions are waiting to hear specific arguments and bid terms from each side.

For its part, BAe is pursuing talks with both contenders, but insisting that the whole of the company—including civil aircraft-making—must be included in any merger. For an agreed bid, BAe needs to be convinced of the benefits of a tie-up for its shareholders and employees.

The Government, which holds a 48 per cent stake in BAe, has taken a neutral attitude to the approaches, but will ensure that control of BAe does not pass out of British hands and that BAe will continue to participate in the Airbus programme.

Thorn EMI is known to desire a swift agreement with BAe, and it seemed likely yesterday that firm proposals, if not imminent, could be expected soon.

Reuters unaware of Arab stake

Reuters, the international news agency and business information group, said yesterday it was unaware of a build-up of a 12 per cent holding in the company by Arab interests.

Commenting on Stock Market reports that Arab interests had acquired a sizeable stake in the company since it obtained a sizeable stake in the company since it obtained a public listing on Monday, Mr Nigel Judah, finance director, said: "We have had no formal notification.

"We have heard the rumours that there is an Arab interest in us but no more than that. As far as we are concerned it would represent a very good investment."

Any single holding of more than 5 per cent would have to be reported within 24 hours. Many investors who bought shares in Reuters did so through nominee holdings and the company said it has no knowledge who the ultimate owners are.

Reuters' shares rose 9p yesterday to 236p—30p above the striking price set on Monday.

In a separate development Reuters revealed it is negotiating with United Press International, the U.S. news agency, to buy UPI's non-U.S. news picture business for about $7.5m (£5.3m).

Reuters would obtain distribution rights to UPI's U.S. news pictures outside the U.S. while in return UPI would acquire the rights to distribute Reuters non-U.S. news pictures in the U.S.

The UPI deal would speed up Reuters' plan, announced in April, to establish a picture service.

Details of the UPI talks were revealed in the registration document filed with the Securities and Exchange Commission in connection with Reuters' public listing last Monday. The $7.5m payment to UPI would be spread over five years.

Thumbs down to revised Syphon bid for Halstead

British Syphon Industries, the drinks dispenser group, has responded to the negligible level of acceptances given in respect its first all equity offer for James Halstead, by injecting a substantial cash element into the terms of its revised offer.

The reconstituted offer now values every four Halstead shares at five British Syphon shares plus 80p in cash. Taking British Syphon at 65p yesterday, down 1p, the read-through price of 101.25p now gives British Syphon a tangible price premium against Halstead's closing quote of 95p, up 1p.

However, the directors of Halstead said the increased and final offer should be rejected as it "still undervalues the company."

British Syphon received only 0.25 per cent acceptances in respect of its initial offer. The revised bid, which is now counted as final, closes on June 21 but is still largely blocked by the resistance of family holders of 40 per cent of Halstead's equity.

Halstead, a Manchester-based manufacturer of floor covering and protective clothing, said that these family holdings had indicated that they were not preparing to accept to which British Syphon, headed by Mr Bryan Morrall, emphasised that the families' intentions "should not be regarded as a reason for not accepting the increased ordinary offer."

Given the difficulties of capturing five-sixths of the uncommitted equity which is now required for majority control, British Syphon could only add: "We are surprised that the family interests which account for more than 25 separate shareholdings could have responded so quickly when the offer document has only just been posted."

* * *

Chapman Industries is acquiring for £750,000 cash, Doncaster Packaging, a Yorkshire-based manufacturer of corrugated cases and related materials.

As at April 27 last Doncaster had total net assets of £423,000, and for the 1983 year turned in taxable profits of £112,000 after providing in full for a bad debt of £17,000. Pre-tax figure for the first four months of 1984 was £49,000, in what is traditionally the slower part of the year, directors state.

* * *

Overseas Containers (OCL) and General Freight International have reached agreement in principle for OCL to acquire Unispeed Intermodal, the flexi-tank subsidiary of General Freight.

Unispeed operates from Southampton and currently employs 23 people.

BET publishing offshoot in software purchase

BY CHARLES BATCHELOR

Argus Press Group, the publishing arm of British Electric Traction, the diversified holding group, has bought Quicksilva, a computer games software group for an estimated £1-£1.5m.

Argus publishes a range of computer magazines and has increasingly moved into putting the magazines onto computer tape using its own software writers. The Quicksilva deal is its first purchase of an outside company.

Quicksilva employs about 15 people and markets 70 games for microcomputers such as the BBC, Sinclair Spectrum, Vic-20, Commodore 64 and Atari through specialist computer shops and retail chains such as Boots.

Quicksilva is based in Southampton and it has a U.S. associate which will be run as part of Argus's U.S. division. The company was set up four years ago by two software experts, Mr Nick Lambert and Mr John Hollis.

Argus publishes 140 business, specialist and consumer magazines and 50 local weekly papers around London. It increased pre-tax profits 74 per cent to £5.7m in the year ended December 31 1983 on turnover 20 per cent higher at £78m.

Five Oaks buys office building

Five Oaks Investments, a property company which has returned to profit since acquiring new management late last year, plans to buy a 8,300 sq ft office building in Birmingham in exchange for a substantial issue of new Five Oaks shares.

The consideration of £935,000 for the two-acre site in Edgbaston will be satisfied by issue of 3.12m new shares at 30p each to Celadon Finance and Trading, the current leaseholder.

The shares would increase Five Oaks' issued share capital by 50 per cent. The existing shares closed unchanged yesterday at 32½, valuing the company at £2.04m.

The property, of which the acquisition is subject to shareholder approval, has 123 years of lease remaining and is let on a full repairing lease at £65,000 per year with five-yearly reviews.

BIDS AND DEALS IN BRIEF

FKI Electricals has acquired the ordinary and preference capital of Burndept Electronics—51 per cent of the ordinary has been acquired from Grosvenor Development Capital and the remaining 49 per cent together with the whole of the preference capital from a subsidiary of Hanson Trust.

Grosvenor is a venture capital company whose capital is jointly subscribed by the British Rail Pension Fund, County Bank, Equity Capital for Industry and British Technology Group.

The initial consideration was satisfied by a cash payment of £1.17m payable as to £834,000 on completion and a further £334,000 12 months from completion, and the issue to Grosvenor of 1.73m FKI ordinary shares.

* * *

The directors of Midsummer Inns are considering the proposals of Swithland Leisure and advise shareholders meanwhile to take no action until they hear formally from their group.

* * *

Nelco, manufacturer of special purpose motors, has announced its first acquisition since the management buyout in 1982. It has acquired the assets and business of BVC Electronic Developments from D. D. Lamson, for a total consideration of £200,000, subsequent to Lamson's recent purchase of the whole of the business of BVC.

The manufacture of BVC's range of small motors for aerospace and defence industries will be transferred to Nelco's Farnham factory where it will integrate into Nelco's own range of small special purpose motors.

* * *

At the request of Interclub Holdings, Prior Harwin Securities has suspended dealings in the company's shares and warrants which are traded on the over-the-counter market.

Talks are taking place which may lead to a substantial acquisition by Interclub.

* * *

Hawley Group has disposed of its remaining holding of 307,500 ordinary shares in I. D. & S. Rivlin and these have been acquired by Midepsa Inc.

Aynsley Trust has notified Cope Allman International on behalf of Midepsa, that Midepsa has acquired an interest in 5.1m ordinary shares (13.41 per cent). These shares were previously owned by the British Car Auctions Group or its nominees.

On June 5, Hawley Group acquired a further 75,000 ordinary shares and its total holding now represents 30.18 per cent of the issued share capital.

* * *

Burrups Printing Group, a member of Extel Group, has purchased Westerham Press, a private company, for £250,000 cash. Westerham prints high quality reports and accounts for some 100 public companies. It also prints fine art publications and handles a wide range of general print work. Burrups has been closely associated with the City of London for over 350 years. Overnight typesetting, proofing and printing of prospectuses, circulars and forms required for the issue of stock, takeover bids, Stock Exchange quotes, or the raising of international loans are its key market areas.

* * *

Turriff Corporation has agreed to purchase from Tozer Kemsley & Millbourn (Holdings) the 50 per cent of the ordinary share capital of Abelson Plant (Holdings) it does not already own.

Abelson is the holding company of four others involved in the hire, sale and other service activities of industrial and contractors' plant and equipment, principally non-operated.

The consideration is £1m in cash, payable on completion.

The book value of the shares at December 31 1983 amounted to approximately £1.45m. Under the proposals in the 1984 Finance Bill, it is estimated that the net assets being purchased would be reduced to a book value of approximately £850,000 after providing for deferred tax.

Pre-tax profits relating to the 50 per cent shareholding amounted to £142,500 last year and indications are that this figure will be exceeded in 1984.

* * *

McLaughlin and Harvey has purchased the Michelin factory on the outskirts of Belfast for £1m cash of which £150,000 was paid on completion. The balance is payable in three instalments over the next 18 months.

The site acquired covers 50 acres on which there is 1.1m sq ft of existing buildings, including the Michelin car tyre plant which is due to cease production in October.

McLaughlin has prepared an overall plan for the development of the site as a new warehousing manufacturing and distribution centre.

* * *

C. L. Barnard has acquired 8.3 per cent of the issued equity capital of Scottish Ice Rink.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
James Burrough 2nd int	6.6§	July 2	5.8	9.6	8
Century Oils	2.5	Aug 4	2.4	3.5	3.4
Churchbury Ests	12.8	July 30	9.5	18.5	14.5
Electronic Rentals	2.07	—	2.07	3.23	3.23
Thomas French ......int	3.45	Aug 24	3	—	7.5
G.T. Global Recovery	1.25	—	2.75	2	3.5
Habit Precision ......int	0.5	July 25	nil	—	0.5
Keystone Inv ......int	4	July 11	3.64*	—	9.64*
Law Land	2.2	July 30	1.6	3	2.3
Lep Group	13.5	Aug 10	13.5	17.5	17.5
Nottingham Brick ...int	1.5	Aug 15	1*	—	3.5*
Property & Reversionary	2.7	July 21	2.5	3.7	3.5
600 Group	2.91	July 27	2.91	5.25	5.25
J. Smart ......int	1.1	July 16	1.1	¶	3.95

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Final of 2.85p forecast.

BANK RETURN

	Wednesday June 6 1984	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	40,850,941	— 1,569,118
Bankers Deposits	704,946,568	— 56,377,118
Reserve and other Accounts	1,613,267,656	— 228,103,015
	2,373,618,165	— 285,849,251
Assets		
Government Securities	415,468,100	— 9,350,000
Advance & other Accounts	622,269,202	+ 5,306,894
Premises Equipment & other Secs.	1,323,614,119	— 286,970,471
Notes	12,082,705	+ 5,152,414
Coin	175,037	+ 11,912
	2,373,618,165	— 285,849,251
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	11,840,000,000	— 140,000,000
In circulation	11,827,917,295	— 145,152,414
In Banking Department	12,082,705	+ 5,152,414
Assets		
Government Debt	11,015,100	—
Other Government Securities	3,242,577,021	— 425,114,395
Other Securities	8,586,407,879	+ 285,114,395
	11,840,000,000	— 140,000,000

MINING NEWS

Gencor gold dividends match market hopes

BY GEORGE MILLING-STANLEY

THE JUNE dividend season for South Africa's gold mining companies continues with declarations from seven of the mines in the General Mining Union Corporation (Gencor) group which are broadly in line with the share market's expectations.

The big Buffelsfontein mine, which has a June year-end, has declared a final of 300 cents (168½p), which compares with last year's final of 330 cents and makes a total for 1983-84 of 570 cents, against 590 cents last time. The payment comes at the top end of the range of brokers' estimates.

The feature of the remaining declarations, all interim dividends, is probably the 155 cents from St Helena. This compares with 250 cents in 1983, and a total for last year of 440 cents.

The lower level of payments from St Helena in comparison with last year is in line with the mine's heavy capital spending needs for the new shaft which is required to gain access to the Ongegund section.

This shaft should be completed by 1987 at an estimated cost of R125m, enabling St Helena to maintain its current rate of production for at least a further eight years.

The announcement of the impending closure of the new Beisa uranium mine in the Orange Free State will have no effect on St Helena's results. The gold mine took over the operations of Beisa early in 1981 in order for the Gencor group to be able to offset capital spending on the uranium project against St Helena's tax liability, but the only impact will be that the gold mine will not receive any potential profits it might have hoped for from Beisa.

Of the smaller mines, Marievale's interim of 18 cents will disappoint some holders. The payment compares with last year's interim of 24 cents and a total for the year of 50 cents.

The 61 cents from Grootvlei, by contrast, is above recent forecasts of a payment of around 50 cents, and compares with last year's 65 cent interim and 126 cents total.

With the exception of Stilfontein, which gained ¼ to £11⅛, the shares lost a little ground in London yesterday in line with the generally easier trend of the South African gold share market.

The Gencor group's coal operations have also declared their final dividends for the year to June 30. Trans-Natal Coal Corporation's final is 30 cents, making an unchanged total for the year of 60 cents, while Clydesdale (Transvaal) Collieries has lifted its final from last year's 60 cents to 67.5 cents.

This makes a total for the year of 105 cents, up from last year's 92.5 cents.

Clydesdale, which is owned by the Liberty Life insurance group although administered by Gencor, is currently being sold to Gold Fields of South Africa in a deal worth some R73m.

	June 1984	Dec 1983	June 1983	Dec 1982
	cents			
Buffelsfontein	300	*270	330	*260
Grootvlei	*61	61	*66	90
Marievale	*18	26	*24	25
Stilfontein	*130	140	*140	150
St Helena	*155	190	250	280
West Rand	*20	20	*40	20

* Interim.

North Kalgurli to raise A$10m

THE Western Australian gold producer North Kalgurli Mines plans to raise A$10m (£6.4m) through a one-for-five renounceable rights issue at 65 cents (42p). The shares fell 6p to 60p in London after the announcement.

The new funds will go towards reducing operating costs at the company's Fimiston mine in Kalgurli and the completion of the current programme which is designed to increase production capacity to 650,000 tonnes of ore a year at both the mine and mill. Further exploration and development work on the lease area will also absorb some of the cash.

Accepting shareholders will be entitled to subscribe for one option at a price of 1 cent for every two new shares taken up. The options will be exercisable up to March 31 1987, at a price of 30 cents.

Existing holders of North Kalgurli options may participate in the rights issue by exercising their options before June 28. If all existing options were converted, the issue would raise a total of A$14.9m.

The company explained yesterday that the expansion programme, which was announced last August, is proceeding according to plan. At that time, with the price of gold standing at around A$500 per ounce, the management thought the plan would be self-financing, but the subsequent fall to some A$430 now makes that impossible.

About A$3m has been spent so far, with a further A$11m needed to complete the project.

The first stage of the expansion programme has been completed, lifting production from the previous rate of 320,000 tonnes of ore a year to 560,000 tonnes. Gold production since April has been running at an annual rate of 70,000 ounces, up from the 39,600 ounces produced in the year to last June.

Mr Alan Bond's Bond Corporation Holdings has recently acquired Winthrop Investments, master company of the group which controls North Kalgurli. The mine's directors said yesterday that until the primary objective of establishing the Fimiston mine on a sound and profitable base has been achieved, "the future activities and management of the company will not materially change."

Northgate floats exploration company

DEALINGS IN Ennex International, a new mineral exploration company floated by Canada's Northgate Exploration group, are expected to start on the unlisted securities market in London and Dublin on Wednesday, June 20.

Allied Irish Investment Bank will offer for sale on June 15 24m new shares in Ennex at 50 Irish pence or 41p sterling, to raise I£10.91m or £8.87m sterling net. Brokers to the issue are J. and E. Davy in Dublin and Shepards and Chase in London.

The shares to be issued amount to just under half of the capital of Ennex, with Northgate and its sister company Westfield Minerals retaining a combined stake of around 51 per cent.

The proceeds of the issue will fund a two-year programme of exploration on the properties recently allotted to Ennex by Northgate and Westfield. The hard-rock mineral properties have been valued at not less than US$18m (£12.9m), while the oil and gas exploration interests are estimated to be worth US$13.15m.

The properties include zinc-lead prospects in the Republic of Ireland, near the Navan mine and at the old Mogul mine, gold deposits in Northern Ireland and Scotland, and oil and gas exploration interests offshore Ireland and in Australia, along with some oil and gas production in the U.S.

The present intention is to divide the issue proceeds roughly equally between hard rock exploration and the search for oil and gas, but this could change radically if any of the prospects succeeds in establishing economically - recoverable reserves.

Mr Peter McAleer, chief executive of Ennex, stressed the high-risk nature of mineral exploration ventures, and conceded that Ennex was unlikely to make a profit in the first five years of its life, but said he was confident on the basis of part exploration achievements within the Northgate group that Ennex would be successful.

Intl. convertible fund set up

A FUND to invest in international convertible bonds is being launched this week by Manufacturers Hanover, in conjunction with Japanese brokers Yamaichi.

Called Geofund Convertible Bonds, the fund is based in Luxembourg, and will pay investors in U.S. dollars or, if preferred, in sterling. Up to half the fund will initially be invested in the Japanese market, and it is expected that the balance will be concentrated in the U.S., Holland, Germany and Switzerland.

It is hoped that the fund will have an initial value of $70-80m. Much of the initial sales are expected to come from Japan, but the fund is to be marketed worldwide, with the exception of those countries—the U.S. being the most notable—where the cost of official registration is seen as prohibitive.

Explaining the rationale behind the choice of convertible bonds, Mr Steven Schaefer of Manufacturers Hanover said that he believed convertibles offered a way of investing in the equivalent of equities at lower risk and a substantially higher rate of return. It is also his belief that the recent drop in world equity markets—Japan in particular—offers an attractive buying opportunity.

Mersey Docks loan stock repayment

Mersey Docks and Harbour Company would make a penny in the pound payment on loan stock in 1985 from sales of land during the current financial year, Sir John Page, the retiring chairman, told the company's annual meeting in Liverpool yesterday.

It is obliged to redeem loan stock from net after-tax proceeds of land sales and, provided liquid resources exceed £5m, from the first £1m of profits over £250,000. No dividend is payable until the loan stock—shown at £14.2m—has been redeemed. In April, the company reported a trading profit of £5.9m during 1983 and is retaining all.

Sir John was asked by a shareholder if the Government had intervened to prevent the company using its discretion to make redemption payments, as it was claimed to have done formerly. He said intervention had never arisen; no repayment was being made because the threshold for liquid resources had not been reached.

The principal buyer for land is the Government's agency, the Merseyside Development Corporation, which resuscitates disused dockland. Part of the international garden festival is on land bought from the dock company, as is Albert dock village being developed by Arrowcroft, the London-based property group.

Land sales have enabled repayment of 19p per £1 stock in 1983, amounting to £3.8m and bringing total redemption to 29p.

A local stockbroker, Tilney and Company, says the dock company has good recovery prospects provided talks with dockers secure a new two-year pay deal. Tilney has forecast 1984's profit at £8m.

At other annual meetings yesterday, the chairmen reported the following:

● Mr Murray Gordon of Combined English Stores said that the current year had not been easy. But with the disposal of Fenton and the recent acquisition of the other 50 per cent share in Biba, profits for the first quarter were substantially greater than for the same period last year.

Although, as usual, much would depend on trading conditions in the Christmas period, he believed the company could look forward with confidence to a satisfactory profit for the year as a whole.

● The upward trend of sales evident throughout Kennedy Brookes towards the end of the last financial year had continued, said Mr Michael Golder. Most notable was the improving sales pattern of the restaurants of Wheelers and Mario and Franco.

The board proposed a one-for-four scrip issue and an extraordinary meeting would be called as soon as practical to give formal approval to this move.

The restaurants within the Trocadero, run by Lennoxcourt, in which Kennedy Brookes held 51 per cent, would open on June 14.

● Mr Michael Kidd of Albert Martin (Holdings) said the Nottingham-based textile group had considerable potential for growth and substantial resources with which to achieve this. Turnover to date in the current year was well ahead of that for 1983 and prospects for improved profits in 1984 were "encouraging."

The executive chairman was commenting on prospects following the abortive takeover bid by Wilson and Company which had now lapsed. Wilson received acceptances for only 0.11 per cent of Martin shares and Mr Kidd said the bid was at a "totally unrealistic" price.

UK COMPANY NEWS

Notts. Brick profit rise restricted by delays

DEMAND FOR the products of Nottingham Brick has continued strongly in the six months ended March 31 1984, and has helped push up the pre-tax profit from £359,000 to £520,000. As to the outcome for the year, the directors are "optimistic."

Production at the Nottingham and Maltby factories was maintained at high levels, but at Thurmaston the installation of new brick making plant, and the consequent increase in production, have taken longer than had been projected. The potential of that factory is only now being realised.

Adjusting for the scrip and subdivision of shares last February, the interim dividend is lifted from 1p to 1.5p net. This partly reflects the improvement in results, but is also a measure to reduce the disparity with the final—last year 2.5p. This year's final will be dependent on the figures for the full year, the directors stress.

Turnover for the first half rose from £3.29m to £3.52m. Interest payable was cut to £28,000 (£65,000). Tax requires £260,000 (£187,000) to leave the net profit at £260,000 (£172,000) or 2.75p (1.82p) per share. Pre-tax profit for the whole of the previous year was £1.05m.

M & S Canada

Marks and Spencer Canada Incorporated, a susbidiary of the UK-based stores group, incurred a net loss of C$1.25m in the first quarter to end-April 1984, compared with C$56.7m ($51.8m) and the loss per share was equal to 24 cents (38 cents).

Benefits showing through at Lep

A RECOVERY in the second half has enabled the Lep Group of international freight forwarders to produce an 8.5 per cent increase in pre-tax profits—from £2.6m to £2.82m—for the full year 1983.

Mr J. L. Read, chairman, believes that to be a reasonable achievemnt in view of the substantial reorganisation that took place. This is now largely completed and benefits were increasingly felt in the latter part of the year.

Results so far in the current year are "well ahead" and, on this basis, he expects the 1984 results to show a "marked improvement" over those now reported.

Profits in the UK and Canada were significantly better than in 1982, and the loss in Austria was reduced substantially. However, those improvements were partly offset by reduced profits from West Germany.

Turnover showed little change at £77.3m, against £78.15m. After tax £1.53m (£1.76m)—all overseas—and minorities £318,000 (£222,000), the net attributable profit was £1.61m (£1.06m). Earnings were 15.1p (6.6p) on a net basis and 22.7p (14.9p) on a nil basis. An unchanged final dividend of 13.5p keeps the total at 17.5p net. The 10p shares are to be subdivided into five shares of 2p.

There were extraordinary debits of £781,000 (£409,000) comprising redundancy, reorganisation and closure costs £822,000 (£508,000), less tax relief £41,000 (property sale profit £99,000). There were also other taxes of £532,000 (£585,000) relating to ACT written off.

Revamped Habit Eng. hits £105,000 at halfway mark

REFLECTING THE benefits of substantial reorganisation and restructuring, Habit Precision Engineering has made great strides in the half-year ended March 31 1984, and the directors say they have every confidence for the future. Profit for the period has risen from £2,700 to £104,700 and there is an interim dividend of 0.5p net, but shares issued aaginst the acquisition of Crosby Woodfield do not qualify.

The manufacturing capacity is well balanced the directors state. Diamond tooling and abrasives still constitutes the largest single activity, but general engineering forms a significant part and specialist engineering for the bedding industry, acquired with Crosby, has broadened the group's base.

It is intended to consolidate the present position and then to continue the growth pattern both organically and by further acquisition. Over 20 per cent of the net asset value is in the form of cash or securities.

Integration of the trading subsidiaries of Crosby is well under way. Their managements have already made substantial improvements in profitability, but the directors feel there is still considerable scope for the future.

Crosby has cash resources of almost £1m which are in gilts and local authority securities. In addition it owns surplus property assets which will be disposed of as soon as practicable.

In the half-year turnover rose from £1.02m to £1.5m and the operating profit from £42,600 to £140,900. Tax takes £41,900 (nil) and extraordinary debits £8,500 (£35,000), and earnings are 1.8p

Thos. French moves ahead midway and pays more

IN LINE with the directors' expectations, first half sales of Thomas French & Sons have increased by 18 per cent and the pre-tax profit has moved ahead by 22 per cent. The interim dividend is lifted from 3p net to 3.45p per share, and there is to be a 2-for-1 scrip issue.

The group makes curtain styling and narrow fabric products, and specialised electrical heating equipment and cables. Turnover came to £12.96m (£11m) and the profit to £1.31m (£1.07m). After tax £564,000 (£406,000) and minorities £60,000 (£42,000), the net attributable balance works through at £685,000 (£622,000); to this is added £170,000 net profit on the sale of the 50 per cent interest in Narrowtex of South Africa.

Earnings are shown at 18.3p per 10p share (16.6p), and the interim absorbs £129,000 (£113,000). For the full previous year the group made a profit before tax of £2.2m and paid a dividend total of 7.5p.

Owen Owen

Mr J. A. Norman, chairman of department stores group Owen Owen, told the AGM that although nearly two months of the opening half-year remained he had taken a cautious view on the results for the period.

He explained that spending in the group's stores during the first four months had been less buoyant than in 1983. Although sales were 3.5 per cent ahead of last year these had not been helped by the late Easter and a prolonged period of unseasonable weather. The underlying trend, the chairman said, had been "weaker than expected."

FMC

FMC achieved taxable profits of £811,000 in the 35 weeks to end-December 1983 compared with £800,000 for the previous 12 month period.

The profit was attained on turnover of £244.27m (£417m for 12 months) and was subject to tax of £51,000 (£157,000). Minorities added £7,000 (took £9,000) but there were extraordinary debits of £2.07m (£376,000).

The company is a wholesale butcher and is a subsidiary of Hillsdown Holdings.

FT COMMERCIAL LAW REPORTS

Dutch decision bars re-litigation in UK

THE SENNAR (No 2): Court of Appeal (Lord Justice Cumming-Bruce, Lord Justice Kerr and Sir Denys Buckley): May 24 1984

WHERE A foreign court of last resort decides that litigation relating to a bill of lading is subject to the jurisdiction of another foreign court, the plaintiff is barred from proceeding against the same defendant in respect of the same subject matter in the English courts, unless the foreign decision was manifestly wrong; and though the English court may have a discretionary power to allow the action to proceed, it will not do so if the case has no connection with English law and in the absence of other justifying factors.

The Court of Appeal so held when allowing an appeal by Sudan Shipping Line Ltd, owners of the Sennar, from Mr Justice Sheen's refusal of their second application for stay of an action brought against them by a German company, "GfG." The proceedings were based on the arrest of a sister ship of the Sennar in Liverpool, and arose out of the same facts as were raised in previous Dutch proceedings based on the arrest of another sister ship in Rotterdam.

* * *

LORD JUSTICE KERR said that in June 1973 GfG agreed to buy Sudanese groundnut expellers cif Rotterdam, to be shipped in July/August 1973.

The Sennar loaded groundnut expellers in Port Sudan for Rotterdam at the end of August and the beginning of September, and various bills of lading were issued.

One was dated August 30, and was signed by the shipowners' employee. A statement subsequently made by the master showed that completion of shipment did not take place until September 6. The bill of lading was therefore antedated.

It was issued in Port Sudan and was stamped subject to the Sudan Carriage of Goods by Sea Ordinance. It also contained two clauses providing that "the law of the Sudan shall apply" and "all actions under this contract of carriage shall be brought before the Court of Khartoum or Port Sudan and no other court shall have jurisdiction."

After August 1973 the market price of the goods fell sharply and remained below the relevant contract prices. The antedated bill of lading was passed up a line of "string" contracts to GfG and then on to its buyers. Shortly afterwards the buyers discovered that the bill of lading had been antedated and rejected it and the goods.

Arbitration proceedings followed between the four parties in the string. On February 8 1974 the arbitrator awarded that the bill of lading had been antedated, and upheld each buyer's claim of rejection against his seller.

In January 1975 GfG instituted proceedings against the shipowners in the District Court of Rotterdam. It described the antedating as a "forgery" and an "unlawful act," and contended that by accepting the bill GfG had suffered loss "as a result of deception by a false statement."

*

An "unlawful act" was equivalent to a tort in English law. It was common ground that the Dutch proceedings were framed in tort and that the Dutch courts had jurisdiction to entertain the action which was derived from the International Convention Relating to the Arrest of Sea-going Ships (Brussels, May 10 1952).

The shipowners denied all the allegations. The district court, and later the Dutch Court of Appeal, decided that the jurisdiction clause in the bill of lading applied to GfG's claim, and that it could therefore only be litigated before the courts of Khartoum or Port Sudan.

The Dutch Court of Appeal accepted the shipowners' evidence that under Sudanese law GfG's claim, though formulated in tort, was also to be regarded as a claim "under the contract." Application of Sudanese law was also the correct approach to the classification of the claim by English law, since Sudanese law governed the bill of lading.

In subsequent English proceedings, started by GfG in May 1980, the facts relied on and the nature of the claim were precisely the same as those which had been argued and dealt with in the Dutch proceedings. Mr Justice Sheen refused two applications by the shipowners for a stay of the English action: see the Sennar (1) [1983] 1 Lloyd's Rep 295 and (2) [1983] 2 Lloyd's Rep 399. The present appeal was from the second judgment.

*

The question, inter alia, was whether the effect of the Dutch judgments was to raise an issue estoppel against GfG so as to bar it from raising the question of the jurisdiction clause in the English courts.

The doctrine of issue estoppel was summarised by Lord Reid in Carl Zeiss Stiftung (No 2) [1967] AC 853, 909. He quoted from Lockyer (1877) 2 App Cas 519, 530: "The object of the rule of res judicata is always put upon two grounds— . . . public policy that it is in the interest of the state that there should be an end to litigation, and . . . hardship on the individual that he should be vexed twice for the same cause."

The English law rules relating to issue estoppel were mainly to be derived from Zeiss. Three basic conditions must be satisfied before the doctrine could be invoked: the earlier judgment must have been final, identity of parties and of subject matter in the earlier and later litigation.

Those three conditions were satisfied in the present case. The judgment in the Dutch Court of Appeal was final; identity of parties was admitted; and the subject matter of the Dutch and English proceedings was precisely the same.

*

In Zeiss the conditions were not satisfied. It followed that the grounds of decision against the application of issue estoppel in Zeiss in no way precluded its application in the present case. Zeiss held that there could be an issue estoppel in England arising from the decision of a foreign court, and that a decision on a preliminary issue could give rise to issue estoppel.

Even if the judgment of a foreign court was wrong according to English law, it nevertheless gave rise to an issue estoppel if the necessary prerequisites for res judicata were present (see: Louis Castrique (1870) LR 4 HL 414; Goddard (1870) 6 QB Cas 139; Tracomin [1983] 1 WLR 662).

It was emphasised in Zeiss that issue estoppel based on judgments of foreign courts should be applied with caution. That was directed in particular to the protection of defendants. The position was different in relation to plaintiffs who wished to have a "second bite at the cherry."

In Henderson (1843) 3 Hare 100, 115 it was said "where a given matter becomes the subject of . . . adjudication . . . the court will not (except under special circumstances) permit the same parties to open the same subject. . . ."

There was no reason why the Henderson principle should not be applied to GfG. It was not open to the English court to impugn the decision of the Dutch Court of Appeal unless it was manifestly unfair, which was clearly not the case. There was nothing to preclude the application of issue estoppel.

GfG submitted that even if it were bound by the Dutch courts, the English courts still had a discretion to refuse to stay its UK action.

Approaching the matter on the basis that the court had a residual discretion, the relevant considerations for granting a stay were stated by Lord Justice Brandon in El Amira [1981] 2 Lloyd's Rep 119, 123. Regard might be had to relative convenience and expense of trial as between English and foreign courts; to whether the law of the foreign court applied and if so whether it differed from English law; with what country either party was connected; whether the defendants genuinely desired trial in the foreign country or were only seeking procedural advantage; and whether the plaintiffs would be prejudiced by having to sue in the foreign court.

The El Amira guidelines pointed decisively to an order that the present action should be stayed.

The connecting factors with the Sudan were self-evident, but there was also some connection with Holland since the goods came to Rotterdam. The case had no relevant connection with the UK at all. The English doctrine of forum conveniens and the guidelines stated in El Amira provided no basis for the institution of proceedings in the English courts.

It would be wrong to set aside the Dutch judgments, in effect, by making use of the discretion under English law to allow the action to be pursued elsewhere than in the Sudan. That would merely serve as an encouragement to "forum shopping" in any jurisdiction which might be able to exercise similar discretionary powers.

The appeal should be allowed, and the action stayed.

*

Lord Justice Cumming-Bruce agreed. Sir Denys Buckley gave a concurring judgment.

For GfG: Jonathan Mance QC and Jeremy Cooke (Sinclair Roche and Temperley).

For the owners of the Sennar: Steven Gee (Holman Fenwick and Willan).

By Rachel Davies
Barrister

APPOINTMENTS

Two top posts at Mercantile Credit

Mr Stuart Errington, managing director of MERCANTILE CREDIT, finance house subsidiary of Barclays Bank, has been appointed executive chairman of the company from January 1 1985. He succeeds Mr Douglas Horner who will retire on that date. Mr Stan Buckley, at present deputy managing director, will take over as managing director at the same date. Mr Errington is chairman of Highland Leasing, Barclays Mercantile Industrial Finance and Mercantile Credit Company of Ireland (all subsidiaries of Mercantile Credit) and recently completed a two-year period as chairman of the Finance Houses Association. Formerly managing director of Astley Industrial Trust, Manchester, which became part of Mercantile Credit in 1970, Mr Errington was appointed managing director in 1977. He is also a director of Barclays Bank UK, Barclays Merchant Bank and Barclays American Corporation. Mr Buckley joined Barclays Bank in 1957 and was appointed an assistant director of Barclays Merchant Bank in 1978. He became an executive director of Mercantile Credit in 1980 and was appointed deputy managing director in November 1983.

*

Mr Frederick Donald Stoneman has been appointed an additional director of ERNEST JONES (JEWELLERS).

*

Mr Laurence Hill has succeeded Sir Peter Roberts as chairman of the London and Manchester based issuing house HILL WOOLGAR & COMPANY. Sir Peter becomes president. Mr Hill was formerly deputy chairman. Mr John Woolgar will become deputy chairman and remain managing director. Mr John Miller has been appointed to the main board.

*

Mr Derek A. Davis, the CENTRAL ELECTRICITY GENERATING BOARD's director of corporate strategy, has become a full-time member of the CEGB (Tuesday, June 5). He has been appointed to serve for five years. Mr Davis has been the board's director of corporate strategy since 1981. He joined the CEGB in 1956.

*

Mr George Boden and Mr Simon Harrap have been appointed directors of STEWART WRIGHTSON HOLDINGS.

*

Mr Denys Johnson has been appointed chairman of ERA TECHNOLOGY, Leatherhead. He succeeds Mr Stanley Steward who remains on the ERA board as a non-executive director. Mr Johnson was at one time chairman of TI International and retired from the main group board of TI in 1983. He is currently chairman of the National Economic Development Council's Electrical Engineering Committee.

*

MARGETTS & ADDENBROOKE, stockbrokers, announce that Mr H. Alter, Mr R. F. Bolsom and Mr P. G. Melody will join the partnership on June 11.

*

Mr Frank Teer has become a director of AGB RESEARCH. Other appointments made by AGB are: Mrs Wendy Bailey as a director of Research Surveys of Great Britain; Mr Stephen Kirk and Miss Carole Flint as directors of AGB Cable and Viewdata. Mr Peter Tyrer and Mr Jeffrey Frankel have joined the board of The Medical Direct Mail Organisation following the acquisition of a controlling interest in this company by AGB Research. Mr Stuart Hodgson has been appointed chairman.

*

OCEANIC FINANCIAL SERVICES, part of Bermuda-based Oceanic shipping finance and investment group, has appointed Mr Mark Avery as assistant vice president. He joined Oceanic in 1981 after five years with Hill Samuel, and will continue to be based in Oceanic's London office.

*

Mr Masayoshi Kiyota has taken over from Mr Kunio Kanatani as general manager of FUJI BANK'S London branch. Mr Kiyota joined the bank in 1958. He was general manager of the international project finance division of the bank in Tokyo. Mr Kanatani will be returning to Tokyo this month as general manager of head office corporate banking division II.

*

Sir Monty Finniston has succeeded Lord Pritchard as president of the BRITISH EXPORT HOUSES ASSOCIATION. Mr W. A. Newton Jones and Mr G. E. D. Bonham-Carter have been re-elected as vice-presidents.

Mr Stuart Errington (left), chairman, and Mr Stan Buckley, managing director of Mercantile Credit.

Post Office finance director

The Industry Secretary has appointed Mr Philip Sellers as board member for finance at the POST OFFICE from June 11. Since 1980 he has been with the British Railways Board, where he is currently the director of finance and planning.

*

BUNZL has made the following appointments in its industrial division. Mr Alasdair Gardner will become managing director of Transparent Paper on July 2. Mr David Webster is appointed managing director of Wycombe Marsh Paper Mills. Mr Michael Baker has been appointed deputy managing director of Wycombe Marsh and will continue to be responsible for sales and marketing. Mr Paul Twigden, finance director at Wycombe Marsh, will succeed Mr Webster as finance director of the industrial division.

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TECHNOLOGY

EDITED BY ALAN CANE

TURBINE DEVELOPMENTS LINKED TO POWERFUL TIDES IN CANADIAN PROJECT

Tidal energy tapped in Nova Scotia

BY MARK NEWHAM

THE ATTENTION of British engineers connected with the proposed Severn Barrage tidal energy scheme, has been focused this month on developments in Canada. There, North America's first full-scale pilot tidal power project is in the process of being commissioned.

The project, at Annapolis Royal in Nova Scotia's Bay of Fundy, is attracting this level of scrutiny, not necessarily because it represents an initial involvement of the North American continent in this technology, but more because if it is cost-effective, it might have a significant effect on deliberations the Severn Barrage tidal-power scheme for Britain.

Greatest attention is centred on the performance of the project's 20 megawatt Straflo turbine. This has been scaled-up from far smaller sizes to 7.6 metres in diameter for this project. The turbine is the largest of its type and the first of its kind used anywhere in the world. A great many smaller diameter Straflo turbines operate in run-of-river hydro-electric projects around the globe.

First developed by Swiss engineering giant Escher Wyss of Zurich in 1974, the Straflo turbine differs from the more common bulb turbine in that it is a modern version of the axial flow turbine with rim-type generator, first patented by Leroy Harza in 1919. The bulb *turbine, by comparison, has its* gearbox inserted between the turbine shaft and the alternator, all of which is housed in an *upstream bulb in the centre of* the turbine.

With Straflo, the low head propeller turbine is located in *a horizontal water passage with* the generator field poles attached to a rotor rim mounted around the periphery of the *propeller. The entire propeller/* rotor assembly rotates within the generator stator is located outside the turbine's water passage. This produces a direct-coupled unit with no driveshaft —an arrangement which substantially reduces the size of the overall turbine/generator combination.

It also makes installation and removal of the unit simpler since it can be lifted in one piece (unlike the bulb turbine which necessitates the decoupling of the various components prior to removal); and cuts noticeable slices off a tidal power project's machinery costs.

In the view of Prof Eric Wilson, whose engineering team at Salford University did initial design work for the Annapolis Royal project by Escher Wyss in the late 1970s and early 1980s, the Straflo turbine has at least a five per cent cost advantage over the bulb turbine. Considering that 40 per cent of *a tidal power scheme's cost is* in its power plant machinery, that saving could translate into an overall saving in excess of three percent which, when considering the mammoth sums needed for building a full-sized tidal power scheme, could provide that vital difference required to make such a scheme economically viable.

In the case of the UK scheme, *even the most cost-effective* proposals so far considered by the Severn Barrage Committee have been put on hold due to their *only marginal economic viability.* But, if just a few per cent could be shaved off the initial capital cost—likely to be in the region of £5.7bn according to the Committee's 1981 report—the saving could be just enough to tip the balance in favour of a full-scale go-ahead for the project anticipated to generate about 13,000m units (kilowatt hours) of electricity annually.

Such a saving was not considered such a priority by the state government of Nova Scotia when it gave the Nova Scotia Tidal Power Corporation permission to proceed with construction of the pilot scheme in 1980. The 20 megawatt Annapolis Royal scheme is still considered a technology test-bed and was, therefore, not expected to generate power at a price competitive with conventionally-generated electricity.

But if power price estimates calculated by Prof Wilson are accurate, the scheme's backers are due for a pleasant surprise. Wilson expects the Annapolis Royal's annual 50m kilowatt hours output to cost about 8 cents a kilowatt hour, only 2 to 4 cents more than that from conventional power plant. From a pilot project installed mainly to test the feasibility of *the scheme and the technology* under conditions prevailing in the Bay of Fundy, the price bodes well for one of the many greatly expanded schemes proposed for the Bay.

Depending which of the schemes, if any, is finally given the go-ahead, between 100 and 150 turbines will be needed to generate up to 4,915 megawatts at three sites with an annual output in excess of 15 megawatt hours. The capital cost of a scheme of this size is currently put at $8bn.

With this sort of investment at stake, it is not surprising that a mere $40m has been invested first in the Annapolis Royal scheme to test the viability of the concept. According to Prof Wilson, it has been money well spent even though a six-month electricians' strike and nagging problems with the generator supplied by Canadian General Electric Company, have put commissioning of the scheme well behind schedule.

The project was completed on budget and now gives authorities contemplating tidal power schemes around the *world, a working model on which* to base power output and cost assumptions. Their only previous model was the 20-year-old 240 megawatt tidal power project at La Rance in northern France whose technology and design was already almost out of date by the time it came on line in the mid-1960s.

COMPONENTS CAN BE TESTED WITH 3D IMAGES

Holograms see through faults

ENGINEERS in the U.S. have developed a machine for use in non-destructive testing that gives instant holograms of industrial components.

Rolls-Royce and the UK Atomic Energy Authority are among the British organisations interested in purchasing the hardware. They want to test metal components such as turbine blades or the metal parts *of nuclear power stations.*

The equipment, developed by the American company Laser Technology, and sold in Britain by Ealing Beck of Watford, produces a holographic plate of items in about 30 seconds. Cracks, or other weak parts of the structure, show up in the interference patterns of the hologram.

Laser Technology's hardware contains an electronic mechanism that automatically develops the holographic film. With conventional equipment of this sort, the user would have to remove the film and develop it in a separate process.

Ealing Beck, which makes a *range of optical equipment and* sells products worth some £6m a year, offers the automated testing hardware in several versions. The most expensive costs £26,000 and includes a helium-neon laser, of wavelength 632 nanometres, which illuminates the sample. The equipment can test objects up to about 15 cm square. Items for which it is suitable include plastic bottles, printed circuit boards and turbine blades.

In the hardware, laser light is split into two rays—a subject beam that falls on the component to be tested and a reference beam that illuminates a piece of film. Scattered light *from the component then inter*feres with the image of the item on the holographic plate. This produces a set of patterns which show up weak points in a part's structure.

To reconstruct the hologram, a shutter is placed in front of the subject beam to stop light reaching the component. After the film is developed with chemicals, a TV camera, which is part of the apparatus, records the hologram and passes the image to a display.

Laser Technology has sold 50 of the automatic systems, mostly in the U.S. Mr Horace Vincent, general sales manager of Ealing Beck, says that selling the hardware in Britain is "an uphill struggle." He says that industry has not, in general, accepted holographic *techniques as a way of testing* materials.

PETER MARSH

MATERIALS RECOVERED USING NOVEL SKF PROCESS

How plasma jets purify metals

BY ELAINE WILLIAMS

MORE THAN SKr 200m has been invested in a plant which uses a novel process to recover valuable metals from steel mill baghouse dust. The plant, built by SKF, will process about 50,000 tonnes of waste a year to recover such materials as pig iron, zinc and lead.

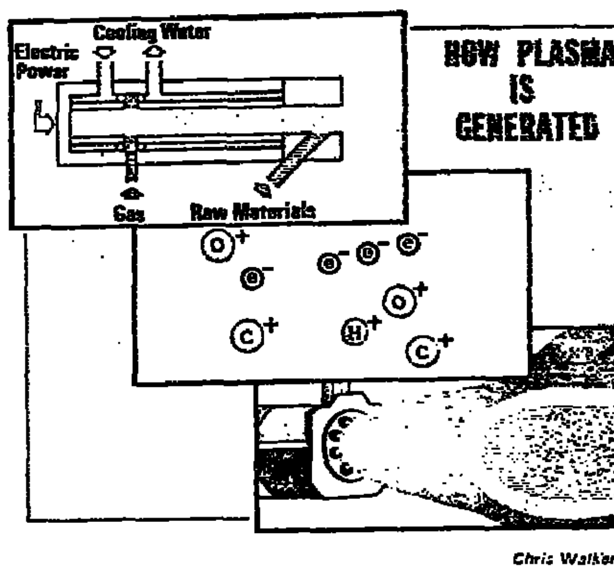
SKF has part ownership in ScanDust, a company set up to exploit the process. Other owners are Uddeholm (14 per cent), Borje Karlsson and Landskrona Finans (34 per cent). Landskrona Finans is dedicated to building up new industry in the old Swedish dockyard town of Landskrona following the run down of that industry. ScanDust will provide about 60 new jobs in the area.

In September, the plant will be officially opened at Landskrona. ScanDust has a 10 year contract with the local community and there is a handy supply of baghouse dust in the area. Denmark is also nearby and is also likely to be a customer.

The ScanDust process is based on high power gas plasma technology. Electrical energy is applied to two copper electrodes which ionises gas travelling through the central core of a plasma generator. The energy transferred to the gas is transformed into heat.

The gas stream thus becomes very hot — between 3,000 degrees C and 10,000 degrees C — and very powerful. It could punch a hole in half inch mild steel in seconds. More than 90 per cent of electrical energy applied to the gas stream is converted into heat.

The technology was originally developed by U.S. scientists to simulate conditions that a space craft would experience on re-entry to the earth's atmosphere. SKF co-operated with Westinghouse in the U.S. to build plasma generators and now the Swedish company can make larger powered generators than those available in the U.S.



Chris Walker

Top left: Gas is blown through electrodes. This produces an electric current through the gas which produces an electric arc (centre). The molecules of the gas become ionised, producing a high energy gas stream in the reaction zone (bottom right).

Mr Claus Järnåsen, managing director of ScanDust, said that plasma technology competes with conventional recycling techniques. It is slightly cheaper but much smaller in size. All gases used in the cycle can be reprocessed, heat from the process provides hot water for homes, even the slag can be used in construction.

About 80 per cent of the plant's income will come from zinc production even though it accounts for only about 15,000 tonnes. There is a good internal market for zinc as it is not produced in Sweden.

Until now plasma technology has been developed by SKF on an experiment basis. Most of the work has been carried out at Hofors, about 100 km north of Sweden.

On Tuesday, SKF announced that a consortium of eight Swedish companies and a government pension fund will invest in a SKr 500m plant to produce ferrochrome from chrome ore concentrate.

The consortium has set up a single company called Swedechrom. The principal investors are SKF Steel, the Johnson Construction Company, Pirens Finans, Investor and Providentia, which is part of SE Banken, and Al Ammeservinning-System, a company owned by the Malmö municipality.

The Swedechrom plant will be based at Malmö in southern Sweden and will start operating in 1986 and employ 110 people. This will use the plasma process. Here "fines" or pulverised chrome ore are dropped into a plasma shaft furnace.

Communications

Micro-computer telex

BRITISH Telecom's city business terminal combines a microcomputer with a telex. It is aimed at the small office market. The terminal provides separate typing, computing and telex facilities.

The computer uses the standard CP/M operating system, and comes with two 51/4 inch floppy discs for data storage. The equipment was developed by ATS and this company will make the terminal at its factory in Haywards Heath, Sussex. More details from the ATS on 0444 414911.

Space research

Halley probe

BRITISH AEROSPACE has finished its part of the work on Giotto, a space probe that, next year, will travel 150m kilometres to intercept Halley's comet.

The company, the main contractor in the £34m programme for the European Space Agency, has sent the vehicle to a space engineering plant in Toulouse for final checks.

FINANCIAL TIMES SPECIAL REPORT

BY WILLIAM COCHRANE

PROPERTY in SCOTLAND

While the recession was less severe in Scotland than the UK as a whole, recovery has also been slower. The pick-up is now spreading, however, to property

TRADITIONALLY, Scotland's economy performs below that of the UK average and recovery may also lag somewhat behind. Times are changing, however, at least in some respects.

Edinburgh-based chartered surveyors Kenneth Ryden and Partners have just produced their 14th Scottish industrial and commercial property review in collaboration with Professor Donald MacKay and his independent team of economists at PEIDA, the consulting firm.

"The impact of the recession from the last quarter of 1979 through to the second quarter of 1981 was less severe in Scotland than in the UK as a whole," says the review. "The counterpart to this has been a rather slower recovery in Scotland. The latest CBI survey appears to confirm this trend, as business optimism is slightly less marked in Scotland than in the UK as a whole."

While CBI investment intentions data are pointing to a strong recovery in UK manufacturing investment in 1984, in Scotland improvement in capital authorisations has been slower to show through. The capacity utilisation trend has been more favourable, however, than in the UK as a whole, the review notes.

Between July 1982 and January 1984 the percentage of firms reporting below capacity working fell from 75 to 63 per cent. "This," says Ryden, "supports the view that the volume of investment will increase in 1984 although the balance of responses still suggests that this will be concentrated in more investment in plant and machinery rather than in new building."

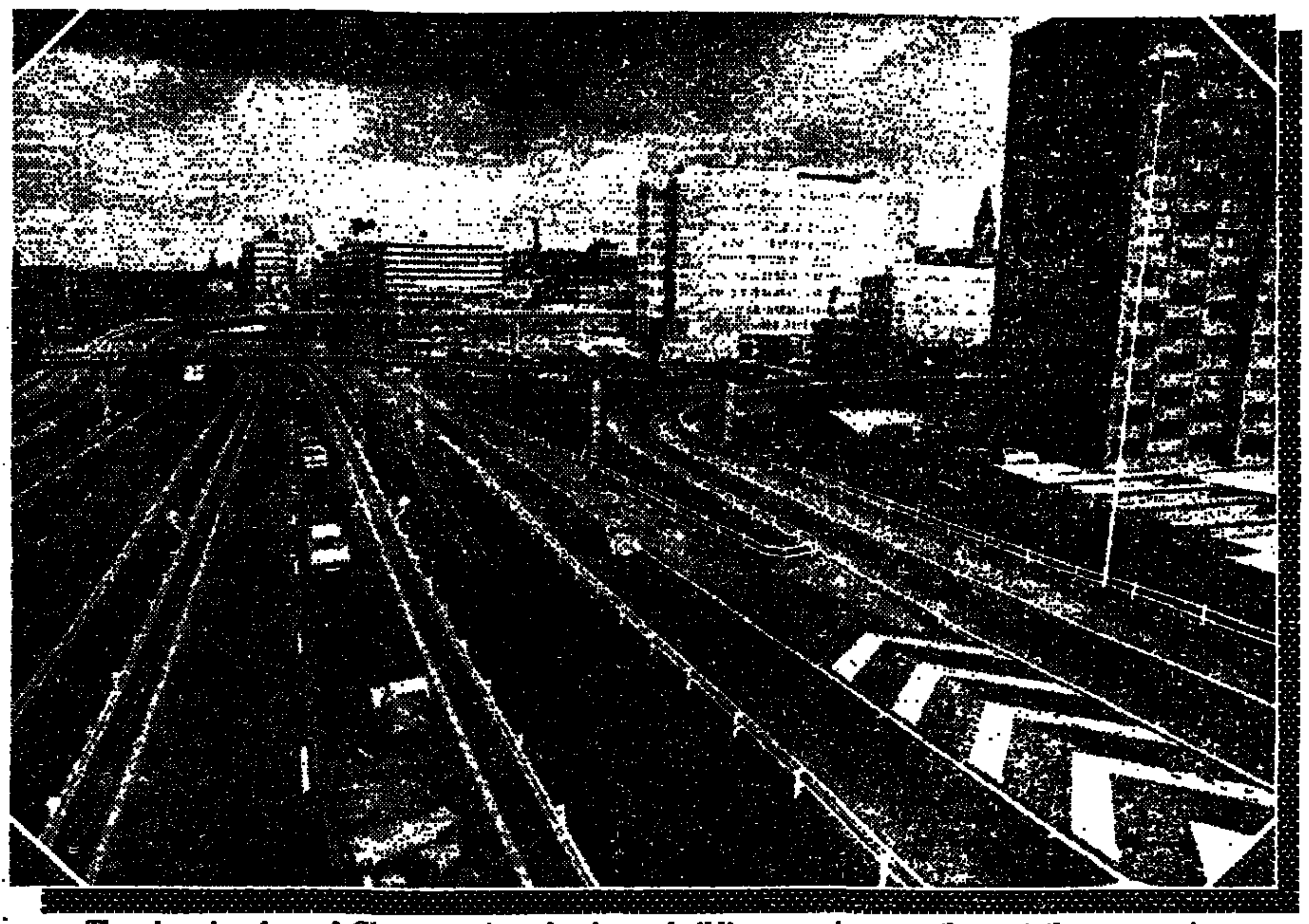
Evidence of movement is also apparent from the review's figures for availability of industrial and warehouse premises at March 1.

In the Grampian region, which includes Aberdeen, some 492,000 sq ft is vacant or under construction, a sizeable drop from the figure of 646,000 sq ft last October. In Lothian, which takes in Edinburgh, there is a drop from 597,000 sq ft to 404,000 and in Strathclyde, incorporating Glasgow, a more modest decline from a bigger total—from 1.26m to 1.11m.

In industrial, office or retail property, it is not difficult to explain why the Grampian region is doing well. In Aberdeen confidence within the oil industry, renewed by the petroleum revenue tax changes made in 1983, has resulted in peak levels of activity in both exploration and appraisal drilling. It has also brought authoritative forecasts of large scale investment over the next 15 years.

These oil industry forecasts according to Michael Corr of agents Drivers Jonas have more important long term implications for Aberdeen and its property market than the offshore investment programme alone, as greater employment is generated by oil production and the maintenance of offshore facilities than by oilfield development.

The Brent and Ninian fields, for example, are each expected to be productive for 30 years, excluding appraisal and development.



The changing face of Glasgow. A major image-building exercise over the past three years is making its effect felt on property decisions

For the area and its residents all this activity has created high disposable income per capita, a boom in actual and potential retail development and a consistent demand for west end offices of 3,000 sq ft or under from the professionals—lawyers, accountants and so on—who service the consumer in one way or another.

Glasgow, meanwhile, has been selling itself in a big way. Tom Chiesa, deputy city estates surveyor with special responsibility for the council's industrial and commercial promotion, explains how.

"The city realised two years ago that it was time to shift the emphasis from housing," he says. So it adjusted its political and bureaucratic machine, forming a sub-committee on employment taking in outside representatives of the local chamber of commerce and the Scottish TUC; and an economic development bureau with a member from each of the political parties and "certain chief officials"—finance, estates and planning.

Mr Chiesa and his colleagues do not claim the credit for creating more than a high level talking shop, but this has clearly influenced property and political decisions and their timing. "In the past three years there has been an upsurge of enthusiasm in Glasgow and the image building of the city has been a great help in that," he notes.

While the potential retail property battle in Aberdeen has been smoothed over by further delays to Bredero's major George Street scheme, the war is clearly on in Glasgow where the local authorities have given planning permission for two major schemes — St Enoch and Buchanan Street. If they both go ahead, the future of Argyle Street as a major shopping pitch could be distinctly clouded.

The other major theme in Glasgow is the acceleration in office construction and, within that, the increasing size of individual developments.

The two largest office developments completed in Glasgow over the past two years were of 36,500 sq ft and nearly 31,000 sq ft respectively, but as Alan Thomson of Jones Lang Wootton points out, upcoming developments include 120,000 sq ft — St Andrew Securities, on George Street — Coats Patons' 74,000 sq ft world headquarters on St Vincent Street and Stock Conversion's Cadogan Street building which will provide 52,000 sq ft from its first phase.

On the way, too, is DCI's 140,000 sq ft development on Argyle Street in conjunction with the Lilley group. This has been conceived as a good looking exterior with high quality, ultra-modern accommodation inside on the belief by DCI chairman Allan Campbell Fraser that some of Glasgow's office property will prove very hard to let.

There might be superstitious shivers at all this in Edinburgh, where developers are beginning to shift peripheral office properties conceived years ago for the Scottish Assembly — which never happened, and which left a glut in its wake.

Local observers see the Edinburgh market as patchy, certainly not confident in industrial property terms, although a net reduction in available space is emerging — and may force potential tenants having to have their industrial accommodation purpose-built at, say, rents of £2.50 a foot.

Rydens note that approximately 50 per cent of the 251,000 sq ft of office space let in the six months to March 1 last was accounted for by three buildings. Miller Developments has taken advantage of this trend with a new £6m, 56,000 sq ft building in Lothian Road and the general feeling in the office market is healthier, but still nervous.

On the Edinburgh retailing scene there are no visible battles. Gilbert Ash has pulled off a coup by pre-letting virtually all of its Cameron Toll development and overshadowing the speciality scheme on the Waverley market site conceived by the city fathers, funded by Reed International pension funds, and constructed by Sir Robert McAlpine & Sons.

Emotionally, Scotland's capital seems a little out of step. The general feeling, however, is that if property has its problems north of Watford, it wakes up again north of the border.

A rethink at SDA

Alan Dale—called in outside advisers

SET UP in 1975 and the inheritor of 60 industrial estates from the old Scottish Industrial Estates Corporation, the Scottish Development Agency has recently been through a period of reappraisal.

"We have carried out a major strategic review of our property function," says Mr Alan Dale, SDA's director for property and environment. To this end the agency brought in an outside team led by PA Management Consultants, with economic consultants PEIDA, Jones Lang Wootton on the property side and American City Corporation—the relevance of ACC being that it is part of the Rouse Corporation and heavily involved in inner city revitalisation in the U.S.

The review recognised that the SDA inherited a lot of industrial space which was out of date or in the wrong place. "What should we do with them—sell, subdivide, demolish, find new uses?" questioned Mr Dale. The answer, apparently, is a mixture of all four.

The SDA and its advisers have been looking at domestic storage in the U.S.—where homeowners hire lockup space to store unwanted, or out-of-season effects—and believe that there is the potential for conversion of existing industrial premises to this use in the UK.

They have explored other uses like leisure, indoor stadiums and demolishment where a suitable housing site would become available. "We are looking much more closely at using our environmental land improvement powers (the SDA spends £20m a year on this) to get the most sensible after-use," says Mr Dale. "What were terrible eyesores and have been cleared are now being competed for as housing sites."

More broadly, the agency is aiming to sharpen up its assessment of market needs, tighten its administration and pull in involvement from the private sector. It has recently announced proposals to seek a private funding partner for its Hillington estate near Glasgow's Abbotsinch airport.

Mr Dale would like to see a new company, part-private, part-public sector, "doing a mini-Slough Estates" on Hillington. "The site has tremendous potential for development, way beyond the resources of this agency," he says, "for commercial use, a certain amount of housing and more industrial than there is at the moment."

So the SDA is promoting "inward investment activity," like bringing in Wang Electronics for £4m-plus. "A number of major companies, both American and Japanese, are actively considering Scotland," says Mr Dale. "Digital, IBM, National Semiconductors, Motorola, at East Kilbride, will have the most advanced electronics factory in the UK when it is complete."

Incoming investors should note that "leg-up" assistance for marginal projects — the Scottish equivalent of urban developments grants — is given at the discretion of the agency rather than of the local authority as in England and Wales.

At the time of writing the SDA was also poised to make an announcement about funding for its major St Enoch shopping scheme just to the south of Argyle Street. It has already been reported elsewhere that the Church Commissioners were going in for a total of £40m plus.

The agency is also flourishing its exhibition centre at Queens Dock, Glasgow — a one-third each partnership between the agency, the private sector and local authorities — as another example of its new operational style.

The review confirms that the SDA's involvement in the Scottish economy is vital, necessary — and a way of bringing in money, according to Mr Dale. "We are talking about creating wealth rather than jobs," he says, with a fine sense of the political wind, "knowing that one brings in the other."

Demand for offices picks up

THE SPECTRE of excess supply is hovering over the Glasgow office market but this has happened before. Scotland's premier commercial city seems in the past to have avoided the excesses of Edinburgh and, more recently, Aberdeen. As for the future, there are forecasts of Glasgow office rents topping £7.50 a sq ft by the end of this year.

In Glasgow Jones Lang Wootton have been maintaining records of new office developments completed over the last 20 years or so, noting an average of about 190,000 sq ft a year. They estimate 1982 and 1983 completions at 115,000 sq ft and 107,000 sq ft respectively, rising to over 168,000 this year and 236,000 in 1985, with another rise in 1986.

"Sufficient to the day" seems to be the answer to the last two years of this rising trend—illogical, perhaps, but with Glasgow it has been the right reaction in the past.

The two-tier market which JLW can see developing in Glasgow is an established fact in Aberdeen, where the strongest demand has consistently been for small suites of 3,000 sq ft and under.

Michael Corr of Drivers Jonas says that a wide range of users have been involved, from insurance offices to shipping companies, mostly seeking to locate in the west end professional district north of Albyn Place.

At the larger end of the market where the position was one of unrelieved glut a few short months ago, the 56,000 sq ft Grampian House, developed last year by St Martins Property, was under serious negotiation with an oil company tenant at the time of writing.

Overall, Drivers Jonas estimate the current Aberdeen take-up at about 200,000 sq ft per annum compared with a vacant office stock of about 500,000 sq ft. The firm note that a large supply is still available to meet demand in the medium size ranges following the completion of several schemes in the city centre and harbour.

The pattern to date on rents has been about £8.50 a sq ft (quoted) for west end refurbs and £6.50 to £7.00 for modern open plan. Drivers Jonas can see indications of improvement at both ends of the market.

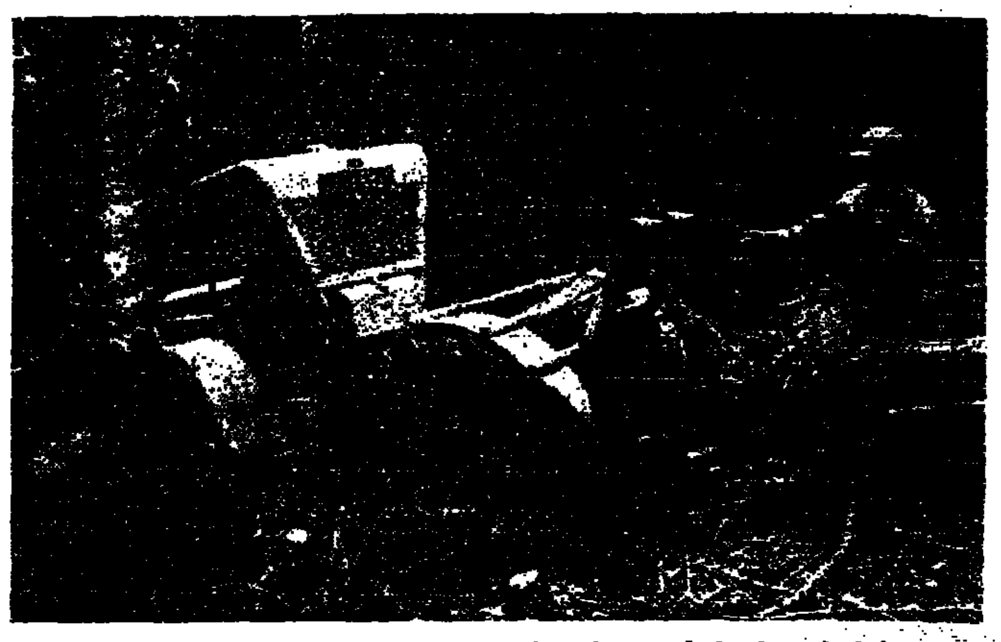
In Edinburgh, perhaps the most significant event in the office market was the announcement of a new £6m building by Miller Developments last December.

Scotland's capital has been suffering for some years from the excess of office space it built, mostly in peripheral locations, to house a regional government which failed to materialise.

Miller's new building, the 56,000 sq ft Capital House on Lothian Road, is relatively close to the traditional central office pitch. The development team had noted a fall of almost 30 per cent in Edinburgh's vacant office space in the previous year or so.

It may also be significant that local agents Kenneth Ryden estimate that of a 251,000 sq ft office take-up in Edinburgh in the six months to March, approximately 50 per cent was accounted for in three lettings. It will be intriguing to see the balance of power between modern space and bijou refurbs a year from now.

This building in North Bridge, Edinburgh, has been acquired by DCI. It will be restored and altered to create a banking hall, three shop units and 44 apartments.



A long term asset. With timber prices expected to rise sharply by the end of the century, the attractions of investing in Scottish woodlands are growing

A real future in timber

OVER 900,000 of the UK's 2m hectares of forest are in Scotland. Britain imports over 90 per cent of its wood requirements. The message has been plain to planners in Scotland for some time—there is a real future in Scottish timber.

A consultants' report last year commissioned by the Scottish Development Agency and the Highlands and Islands Development Board was the starting point for a joint private and public sector approach to develop Scottish forest products.

Downstream industries such as a structureboard plant planned for Dalcross near Inverness have given a new impetus to what has been a fairly chequered past for this industry.

Current timber prices, wood demand and the approaching maturity of much of Scotland's woodlands should make forestry property a good investment.

But both the public and the institutions have yet to take much interest in forestry in Scotland in terms of property. Only a fraction of the 2 per cent of land on the market and classified under the general heading of agriculture is forest.

A report last October by estate agents Savills forecast that "excellent opportunities exist for funds and institutions wishing to make a forestry investment, including substantial investments in excess of £1m." Backing Savills' views and that of other estate agents handling forestry, land prices are going to be influenced by the expected 150 per cent rise in the real price of timber by the year 2025.

Forestry land values have grown over 7 per cent over the past 30 years. In the 1950s forestry land was roughly on a par with hill land for agriculture at about £5 per acre. At about £200 per acre planting land is now worth several times the equivalent land used for hill farming.

CONTINUED ON PAGE III

Battle for the shops

RETAILING as a battlefield is best viewed in Scotland's big three cities, Glasgow, Edinburgh and Aberdeen.

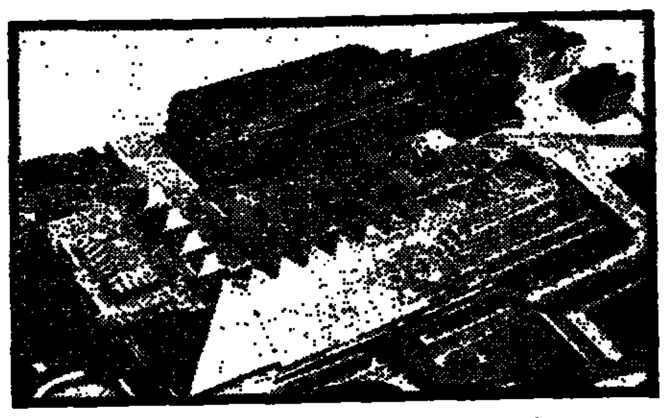
The most immediate cliff-hanger is in Glasgow, where the Scottish Development Agency is reported to have found £40m plus for funding from the Church Commissioners for its St Enoch development on the south side of Argyle Street, the city's prime shopping pitch.

The funding process, arranged through Richard Ellis, has been on the cards so long that some commentators had written off St Enoch in favour of the Societe des Centres Commerciaux / Standard Life/City of London and European Property development scheduled for Buchanan Street/Sauchiehall Street.

Now the question is whether, and when, strong anchor tenants will be found for the competing schemes. Glasgow may be said to have too many department stores but the St Enoch team are apparently seeking a conventional anchor while SCC chief Jean-Louis Sollal has been talking about a hypermarket for Buchanan Street.

This is unusual in the UK; but two miles south of Edinburgh's Princes Street, Gilbert Ash has made it work. The development here, Cameron Toll, comprises a Savacentre (Sainsbury/BHS) hypermarket, a Safeway food store, a fast food court and 34 units, all but one of which have been pre-let with completion not due until October.

It is evident from what is happening in Glasgow, Edinburgh and Aberdeen that mile-long, unprotected, windy, rainy, sometimes freezing



A model of the St Enoch development

shopping pitches are not made for the shopper at this end of the 20th century.

Aberdeen exemplifies this with three new schemes on the way to the east end of what was the prime Union Street shopping pitch, not to mention a massive job of refurbishment, redevelopment and extension by the House of Fraser department stores group.

The average Aberdonian earns one and a quarter times the national average. Norwich Union has been after some of this with its Trinity Centre — 200,000 sq ft of shopping, half of it Debenhams. On the other side of Union Street the Great Universal Stores St Nicholas Centre is ideally placed but relatively small. Reports are that both of these are two-thirds let or better, with Trinity due for completion by the end of this year and St Nicholas in 1985.

Whether Trinity would have done so well without extensive delays to the third scheme is a moot point. Here, just north of the GUS scheme, Dutch developer Breder has been waiting for more than ten years to get its development out of the ground.

A compromise with one of the main landowners, the Wordie Property Company, suggests that Bredero's George Street development will eventually go ahead with its shopping content cut from 320,000 to 230,000 sq ft and offices from 90,000 to 25,000.

Finally, what happens to the original, windswept pitch, here at the west end of Princes Street in Edinburgh, or anywhere else? Aberdeen has an economic chance of assimilating a lot of extra shopping; elsewhere, much will depend on the need for strong but arguably now secondary outlets.

Quiet search for high quality

CALTRUST is a newer, quieter developer than DCI. It was formed as a company three and a half years ago with its main activities in the office and retail markets — "mainly small, well located and (we like to think) high quality," says director Mr Graham Thoms from his Glasgow base.

In offices, Caltrust is moving from refurbishments in Edinburgh's new town to new buildings in Cambridge and Glasgow of 6,200 sq ft and 12,900 sq ft respectively. In retailing, what look like infill schemes in nine Scottish towns—"completed value broadly between £1m and £2½m" according to Mr Thoms — may be seen as a prelude to the big time.

Along with London & Metropolitan Estates (the Beckwith brothers, of Billingsgate fame) and Balfour Beatty, notably successful in international contracting, Caltrust is a development partner in a new 120,000 sq ft gross shopping scheme for Ayr, due to start next year and complete in 1987.

Caltrust came up with the planning concept and the site acquisition process for Ayr, says Mr Thoms, noting that 19 separate acquisitions were involved. However, the company is still concentrating on building relationships in the market place, with names like Provident Mutual, Hill Samuel and Standard Life — and it did not want to run before it could walk.

Hence the partnership, which will be building for Ayr one major store, three smaller ones and 22 shop units plus a shopping hall — "an upmarket covered market," says Mr Thoms—a mall, an enclosed food court with seven outlets and storage and servicing at first floor level.

"We aim to create the highest quality retail centre in Scotland," says Mr Thoms —an interesting aspiration in the year when another Scottish centre, Inverness, was damned with faint praise at the International Council of Shopping Centres European conference in West Berlin.

Two-way traffic in investment

SCOTTISH institutional investment funds originally went close to home when they moved into property. Then, as they became more broadly based, they questioned the weight of investment devoted to Scotland—especially since some funds can have a massive chunk of investment in their own head offices.

"The traffic now is two-way," says Mr Michael Jackson, property investment manager for Scottish Equitable in Edinburgh. "We go south and southern funds to a lesser extent go north, even if some of them get no further north than Watford."

The head office point is relevant to Scottish Equitable, currently in temporary premises in 28 St Andrew Square while its own offices at No 31 nearby are being refurbished. This will have been a three-year job. It is expected to be completed early next year, after a "temporary hiccup," when a fire added six months to the project.

Scottish Equitable is spending about £5m on its head office which works out expensively, on the face of it, at £100 a foot for each of the 50,000 sq ft of net office space. Mr Jackson acknowledges this, but points out that it includes work which would not normally be attributed to a speculative office development—fitting out and so on.

"Telephones and computers cost money," he says, estimating that the building should be worth £6½m to £7m on completion. By the by, he remarks, there are interesting contrasts with speculative development when people in your own office change their minds—"there is a distinct colour scheme hazard."

Scottish Equitable has invested funds of approaching £1bn, of which property accounts for about £120m. This 12 per cent ratio is probably slightly less than average, says Mr Jackson. "The norm is in the 15 to 20 per cent range," he says, "but in the past two or three years there has been a tendency to let that proportion slide in favour of gilts, overseas investments and UK equities."—Scottish Equitable itself, he says, has come down from about 15 per cent where property is concerned.

Mr Jackson and his colleagues in the investment team think that other markets have reached a level which brings property back into the reckoning. "In relative terms, it is more attractive," he says.

Scottish Equitable now has just over 20 per cent of its property portfolio in its home country. "Our only input in Scotland has been our own head office," says Mr Jackson, "and the total was reduced slightly by a couple of sales last year."

Generally speaking, it is looking to put something like 15 per cent of its incoming funds into property this year, if the right opportunities come along.

Not big enough

It has looked at property abroad but the feeling is that the fund is not big enough to go into America on its own. The team has looked at consortium investment there and decided against it. "You lose marketability and control and add distance," says Mr Jackson, "not just here but throughout the U.S. Legal issues and local habits are different too."

Like a number of other institutions Scottish Equitable is showing an increasing tendency to fund development or indeed to develop itself, instead of buying completed investments. Mr Jackson also sees a considerable amount of work in the maintenance of investment values—"ongoing work with tenants who may want to make changes."

The fund came into property in 1974—not a bad time, as Mr Jackson points out—and the age of its property and leases put a premium on active management.

Otherwise, he notes that funds are beginning to regard property as a commodity which can be bought and sold. "We might think of buying other people's problems and sorting them out," he says. "The corollary is that we will sell our problems, as well."

PROPERTY IN SCOTLAND III

CONTINUED FROM PAGE II

Mr James Galbraith of agents Cluttons in Edinburgh says that buyers can now be choosy as good quality forestry land is at a premium. Land with trees about 10 to 20 years old could fetch £500 to £750 an acre. Pine and spruce trees are mature at about 30 years.

But Galbraith points out that these prices really apply to forest south of Inverness. Access to land further north in the Highlands dictates against price.

Sales by the Forestry Commission of £82m in woodland over the next four years had helped reduce price levels to make forest a good investment.

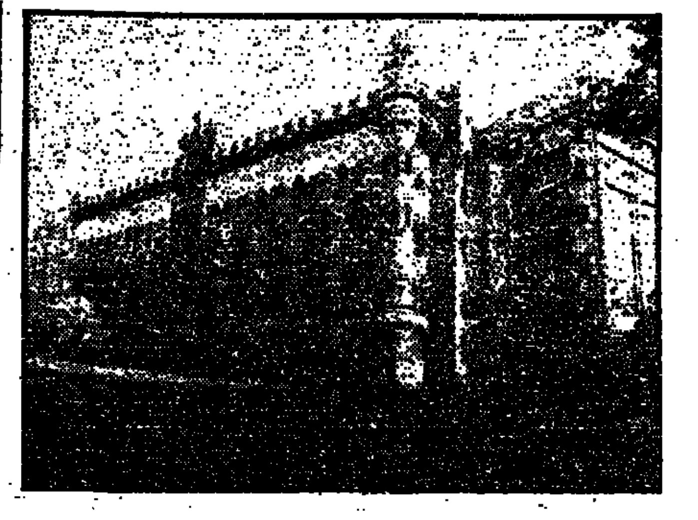
Savills also note that private investors which had established woodland largely for tax reasons are now selling to raise capital for reinvestment in further planting land.

"By careful selection, investors can now acquire in a relatively short time a portfolio of forests of varying ages and species. This means that an acceptable return can be obtained from the investment from the start," Savills' report states.

There is optimism among planning officials in Scotland that a new pulp mill will be built in the country before very long. Last year's plan for a mill at Shotton was not necessarily bad news for Scotland as it meant that much of the timber of England and Wales would be directed at the new mill, leaving Scottish timber free for development within Scotland.

Wiggins Teape shut its pulp mill at Fort William in 1980, putting some of the aspirations for the industry in Scotland into reverse. But the mill, in retrospect, was the wrong size for Scottish forests and produced the wrong type

Mark Meredith



Glasgow's "Doge's Palace," once the home of Templeton Carpets. The SDA is refurbishing and subdividing the Venetian-style factory to provide workspace for small businesses.

Spirits high if place is right

SENTIMENT VARIES with location in Scotland's industrial property market, with enthusiasm from Aberdeen, phlegmatism from Glasgow and a cri de coeur from Edinburgh and the east of the country.

Michael Corr, who heads up the Drivers Jonas Aberdeen office, reports that take-up in the industrial market there has remained strong and that the current figure of 630,000 sq ft per annum can be compared with the vacant stock of about 1m sq ft.

He says that several notable lettings have been achieved, including a 65,000 sq ft warehouse at Dyce (near the airport) pre-let to Marks & Spencer, 25,000 sq ft to Debenhams and the letting of the Mountleigh Group's speculative 32,000 sq ft building at Altens to North Sea Sun Oil.

Mr Alan Thomson, of Jones Lang Wootton in Glasgow, says drily that the slack demand for industrial/warehousing space will need to pick up, absorbing the existing supply of such space, before this sector of the market will rekindle the interest of the institutional purchaser.

Major industrial sector initiatives in or near Glasgow seem to come into the ambit of the Scottish Development Agency. In the East End the SDA is refurbishing the "Doge's Palace"—in other words, a 100-year-old Templeton carpet factory built originally along very individual lines.

The SDA took it over in 1979-80 and started a major programme of refurbishment, conversion and subdivision of the 200,000 sq ft building to produce a range of accommodation and workspace for small businesses. Ken Drennan of the SDA says that the subdivided units range from a single room of 250 sq ft to workshops of 5,000 to 6,000 sq ft.

At Cambuslang, slightly further to the east but still within the SDA's "GEAR" Glasgow Eastern Area Renewal project area — the former Clyde Iron Works had been cleared to leave a new greenfield site covering something in the order of 400 acres into which will run an extension to the M74 due to be completed in 1988.

Here the SDA has in excess of ½m sq ft of advance factories already built, half of them in use with tenants for the rest, according to Mr Drennan, progressively moving in. Projected range of factories is from 4,000 up to nearly 30,000 sq ft but sites of 5 to 50 acres are also available.

From Edinburgh, meanwhile, agents Kenneth Ryden make a trenchant point on the last Budget and its "benefits": "The Budget may have had beneficial effects for profitable South East of England companies which will benefit from the reductions in corporation tax," they say, "but it is less beneficial to Scotland where there are many older declining industries desperately needing the capital allowances to encourage them to invest in new factories and plant and machinery."

The market is not dead — at least Rydens forecast "continuing growth in rentals" for the area and expect some new developments to commence shortly on a pre-let, premium rental basis. But the impression, here as in most of the rest of Scotland, is that there is a lot of dead wood around.

Trying to do something different

"IT'S NICE to see tower cranes again in Glasgow," says Mr Allan Campbell Fraser, chairman of DCI. "We have the tallest one in Argyll Street and there are more than 20 now in a square mile in the centre."

Developments Commercial and Industrial (Holdings), DCI for short, was founded in the depth of the property recession just over 10 years ago. At its head is Mr Fraser, an ex-Ronnie Lyon man—"in the Lyon days I was responsible for building 10m sq ft of industrial space"—who has found powerful friends—and a number of enemies—in his latest role.

He is a patriot and a protagonist, in love with Scotland and his conception of the property business, a demanding employer and business associate, scornful of political expedients and always ready to try something a little bit different.

On Scotland, he accentuates the positive: "Did you know that there are 200 new electronics firms in Scotland employing 40,000 people? We never had that many riveters in the heyday of shipbuilding on the Clyde."

On Joe Public's reservations about the property business, he is almost evangelistic: "Every man, woman and child in this country is involved in property . . . from the cradle to the grave," he says. "Who owns it? The Coal Board pension funds, the Pru, etc, etc. Every man walking in the street owns property; he has to live with the developer's product."

On Glasgow: "Still the commercial heart of Scotland. The entrepreneurs are beginning to come back, not just developers but all sorts of risk takers." He sees another big jump in Glasgow office rents soon, fuelled by lawyers, stockbrokers, accountants, et al, and their hunger for up-to-date accommodation.

Allan Campbell Fraser, developer and patriot.

"There will be a lot of offices lying empty—because they deserve to do so," he says. "It's no good expecting tenants to pay increasing rents and yet put up buildings which make it harder and harder for them to make the money."

Apart from a conscious effort to understand and encourage the evolution of the Scottish Development Agency, set up by central government in 1975 to regenerate the economy and improve the environment, Mr Fraser is scathing about government and its initiatives.

He has dismissed Enterprise Zones as "putting a whole region on National Assistance." In April of this year he said of regional industrial policy: ". . . I doubt if any of us would want to claim that past government had shown either great foresight or great wisdom in dealing with the problems of regional disparity"; and, on West Central Scotland: "The region is littered with the corpses of companies pushed, bullied or seduced into an alien environment."

Having said all that, what is Mr Fraser doing? He encapsulates it thus: "I am trying to do something different, better or more personal."

His Port Dundas business centre, close to Glasgow's city centre offices and even closer to the urban motorway, aims to pick up on the "high-tech" and quasi-office development liberally planned for the South East of the UK. "We need office and high value industrial tenants," he says; "the rent has to be £4.50 a sq ft"—a hybrid of Glasgow's office and industrial levels.

What "has to be," incidentally, would indicate a developer's profit of £3½m minimum.

Glasgow is also the venue for DCI's most ambitious project to date: an £18m development on Argyle Street with 140,000 sq ft of offices, shops and a banking hall, to be developed jointly with the Lilley group.

The site is off-pitch as far as Glasgow's central office market is concerned but Mr Fraser is convinced that he can combine a beautiful building with operational efficiency, and that the building, effectively, will make its own market.

In Edinburgh, meanwhile, DCI is restoring and altering the former Grants store at North Bridge to create four shop units—one already let to United Biscuits, trading as Pizzaland—and 56 luxury apartments within the 80,000 sq ft 19th century building.

This development, fortuitously, ties in with another line—or two—of thought. Mr Fraser sees no difference in principle in selling the residential content of a development or selling a completed office development.

DCI has also got to the stage where it can afford to hold on to 80 per cent of the investment value it creates via development. Selling residential is clearly one good way to generate cash flow. "But that's a fluke," says Mr Fraser. "I would also say that we would sell anything if it was the right thing to do at the time."

Mr Fraser has a choice. A £2.8m equity injection by Witan Investment, which also brings with it a substantial loan facility, has seen to that. "We have no not borrowing position at the moment," says the DCI chairman. "We have been offered a lot of sites, but there were not many that we wanted to take."

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THE PROPERTY MARKET BY JOAN GRAY

PIM Board site at record industrial price

AN ALL-TIME record price for industrial land in Britain is being negotiated for a 2.38 acre site fronting the M3 at Sunbury Cross in Middlesex.

The site—part of an area owned by PIM Board—is expected to be sold for just under £2m, working out at £840,000 per acre.

This compares with the previous record for industrial land of £700,000 per acre paid for the 8 acre Black and Decker site near London airport.

The PIM Board site sale is being handled by agents Chestertons, which put it out to tender. Chestertons received half a dozen offers of around £2m, and the site seems set finally to be bought by a development company, which is not being named.

PIM Board has had a factory on the site since 1898, making hardboard. Its plant on the retained land is being modernised.

The site is fetching an exceptionally high price because of its prime position next to the M3, putting it within 20 minutes' drive of London Airport.

At 2.38 acres, it is also a convenient size for a single-company building of about 56,000 sq ft.

The final occupier is likely to be a computer or electronics company wanting mixed industrial and office accommodation.

Chestertons was also the sole agents for the Black and Decker site, which was bought by Municipal Mutual Insurance for its 175,000 square foot Heathrow Summit Centre, an office, industrial and warehouse scheme aimed at high technology companies.

Victoria Plaza rent to be £22 a sq ft

THE RENT in London's newly-completed Victoria Plaza office building will be £22 a sq ft, with a premium for tenants requiring small amounts of space.

The figure was confirmed by agents Jones Lang Wootton as the Plaza's glass and marble halls were opened to view for the first time this week.

The agents are aiming to let to high technology, oil or service industry companies. They are negotiating with several potential tenants, but no agreement has yet been finalised.

The £45m building above Victoria Station has 200,000 sq ft of lettable office space. The four floors are available as areas of 50,000 sq ft and half floors of about 20,000 sq ft are also available.

The interior of the building is as plush as promised by the developers—Greycoat London Estates and Norwich Union in conjunction with the British Rail Property Board.

From the white stone colonnaded entrance in Buckingham Palace Road, banks of escalators lead up to a network of atria (or halls), glossy floored, sophisticatedly carpeted, and lightly forested with mature trees.

The first atrium, designed as a communal reception and recreation area, is dominated by the developers' contribution to modern art: what might at first appear to the philistine to be merely a large, flying, green rabbit on a wooden pryamid but which is in fact Barry Flanagan's Leaping Hare, and Kenneth Martin's 28 ft high stainless steel mobile, something like an animated computer graphic except on the day of the visit, when it had motor trouble.

Andrew Taylor looks at underlying strengths in shares which have lagged behind

Room for improvement from a low-level floor

THE LONDON stock market, like the English summer, appears to have little idea of where it is going. Property shares have been caught up in the confusion just when it appeared they might stage a rally.

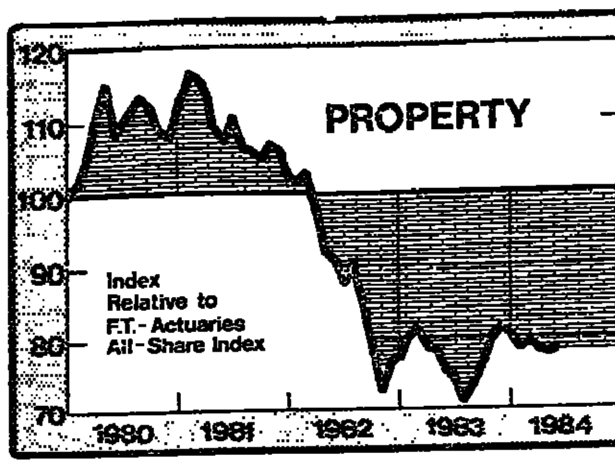
A number of leading property share analysts believe, however, that the sector is gathering strength and is poised to recapture some of the ground lost to other equities during the past few years.

"I would expect property companies to show some improvement relative to other sectors, irrespective of which direction the market takes," says Naresh Gudka, property analyst with stockbrokers Scrimgeour Kemp-Gee.

There is plenty of room for improvement. Property shares have lagged behind the rest of the market since 1980 despite brief rallies at the end of 1982 and in the final months of last year.

Recent reports from the sector have been encouraging. Some important lettings have been concluded this year while results from property companies have revealed some healthy increases in asset values, particularly from companies strong in London offices and prime retail properties.

For example the net asset value of Land Securities, which has almost two-thirds of its portfolio in City and West End offices and shops, increased by just more than 8 per cent to 377p a share in the 12 months to the end of March.



Capital and Counties similarly reported an increase in its net asset value of 13 per cent to 251p a share. Other companies have reported increases of between 7 and 11 per cent.

"The market looks set for a quite broadly spread improvement in asset value in 1984, of around 10 per cent on average," Gudka says.

Will Martin, another member of the Scrimgeour property team, argues that increases of this magnitude would restrict significantly the scope for share price falls, even in a bear market.

"For example an increase of 10 per cent in net assets would mean that property shares would only need to fall by 10 per cent for the average discount between net assets and property share prices to widen from around 29 per cent to 42 per cent—the worst it has ever been in recent years.

"On the same basis an increase in the average discount to 35 per cent would require no change in property share prices between now and the end of this year."

One of the reasons for the more recent under-performance of property shares (after the Property Index rallied briefly against the FT All Share Index at the end of 1983 as shown in the chart) has been the strong showing of industrial stocks backed by some very good profit figures.

Property analysts at stockbrokers de Zoete and Bevan believe that stock market forces may now be starting to move back in favour of property.

"With the UK property market now moving into a more favourable phase and the increase in UK corporate earnings slowing down, the fundamental basis is there for a better relative performance by property," de Zoete's property team says.

"Just as the sector has tended to lack attraction in the recent past because it appeared to have a ceiling, so it might now be looking more interesting simply because, more than most sectors, it probably has a floor not far below present prices."

In crude terms property shares, having made fewer gains during the bull market, would have less far to fall in a bear market.

The recent improvement in lettings has occurred rather late in the recovery phase. As a result property companies would have relatively more to gain should the present volatility in share prices prove to be no more than a minor correction in an extended bull market.

Peter Hardy, partner responsible for property at stockbrokers Rowe and Pitman says: "I am very positive about property at the moment. There has been a recovery in demand across the sector and prospects in certain areas, such as the City of London office market, are looking very good indeed."

Hardy says that the current spate of mergers among financial institutions will fuel demand for large quality buildings in the City.

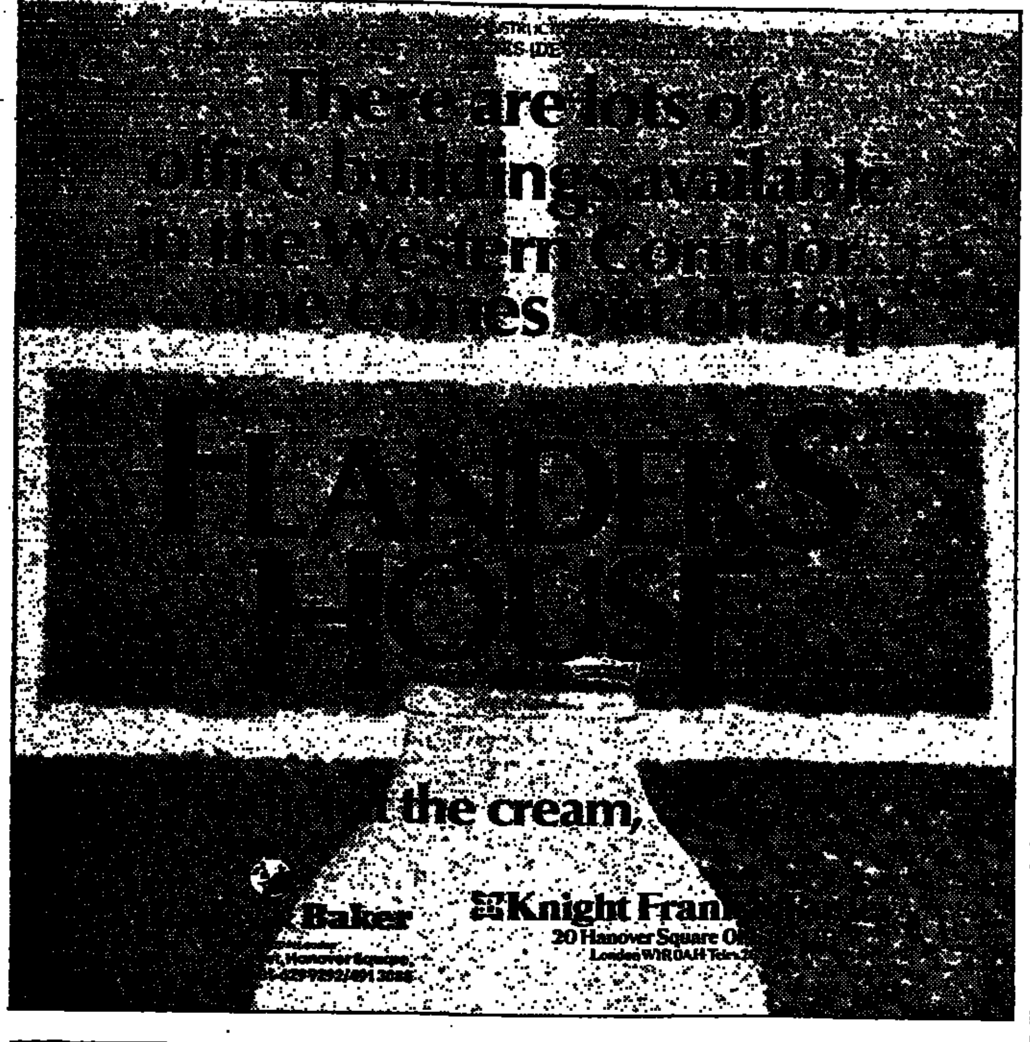
"Rents for prime space in the City could rise by as much as a third over the next 18 months to two years, he says.

Hardy adds however that a recovery in the property market is unlikely to be marked by a general boom in rents and capital values.

"High unemployment and the difficulties still being faced in many regions will act as a break on recovery," he says. "Nonetheless the prospects for the market are looking better than for some time."

The basis for the increasingly positive approach to property shares by the analysts (optimism is perhaps too strong a word in the present climate) has been the flow of important lettings recently announced in key markets.

In particular the City, the single most important property market in Britain, has started to pick up. Although there are still a large number of new and refurbished developments still to find tenants, the growing belief is that the sector has turned the corner.



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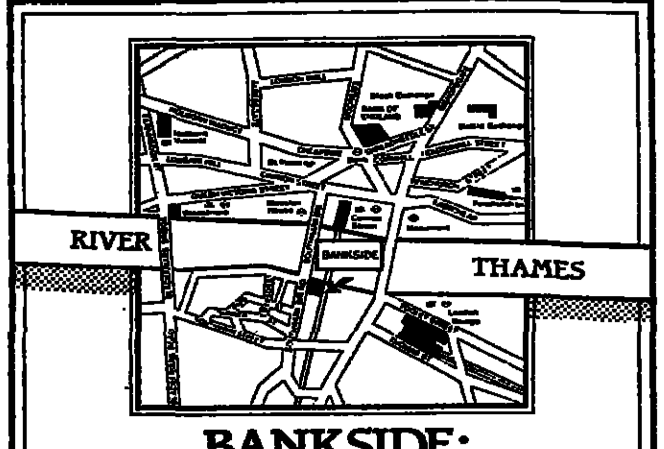

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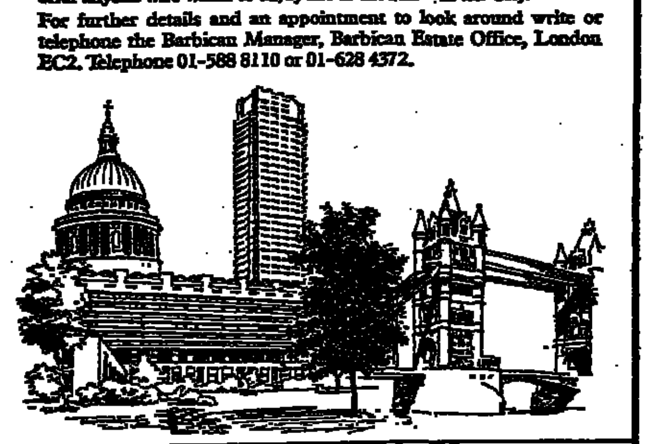

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Company Notices

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN

MAKITA ELECTRIC WORKS LTD.

Further to our notice of February 14, 1984, EDR holders are informed that Makita Electric Works has paid a dividend to holders of record February 20, 1984. The cash dividend payable is Yen 5.00 per Common Stock of Yen 50.00 per share. Pursuant to Clause 8 of the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 6 for payment to the undermentioned agents.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt	F.R. of Germany	Malaysia
Australia	Finland	The Netherlands
Belgium	France	New Zealand
Brazil	Hungary	Norway
Canada	Indonesia	Poland
Czechoslovakia	Ireland	Rep. of Korea
Denmark	Italy	Romania

Singapore	
Spain	
Sweden	
Switzerland	
United Kingdom	
U.S. of America	
Zambia	

Failing receipt of a valid affidavit, Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after September 20 1984.

Amounts payable in respect of current dividends.

Coupon No. 6 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
10,000 shares	$267.00	[illegible]	[illegible]
1,000 shares	$26.70	[illegible]	[illegible]

Further to the notice of February 14, 1984, concerning the free distribution of shares [illegible] holders are informed that the new shares are now available for delivery and should be claimed by presenting Coupon No. 7 to the Depositary or the Agent. [illegible] in Authorised Denominations of 1,000 shares, therefore any EDR holder not able to present coupons making-up an Authorised Denomination will receive the net proceeds of the sale of their entitlement in United States Dollars pursuant to Condition 5 of the Terms and Conditions.

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June 8, 1984

KOREA INTERNATIONAL TRUST

INTERNATIONAL DEPOSITARY RECEIPTS EVIDENCING BENEFICIAL CERTIFICATES REPRESENTING 1,000 UNITS

Korea International Trust declared a distribution of won 281,000 per IDR of 1,000 units payable on June 25, 1984 to the Republic of Korea.

The amount of dollars shall be the net proceeds of the sale by the Fund of the won amount at the foreign exchange bank in the Republic of Korea at the spot rate on June 25, 1984.

Payments of coupons No. 3 from the International Depositary Receipts will be made on or after June 25, 1984 in U.S. Dollars at one of the following offices of Morgan Guaranty Trust Company of New York:

—Brussels, 35, avenue des Arts
—New York, 30, West Broadway
—London, 1, Angel Court
—Frankfurt, 44-46, Mainzer Landstrasse
—Zurich, 38, Stockerstrasse

However, in the case of the IDRs issued on December 19, 1983, London market will be won 213,112. The remaining won 65,865 represents the equalization payment [illegible]

Holders presenting the coupons must [illegible] the Korean withholding tax [illegible]

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
Brussels Office as depositary

Gencor Group
Gold Mining Companies

DIVIDEND DECLARATIONS

NOTICE IS HEREBY GIVEN that dividends have been declared by the undermentioned companies, payable to members registered at the close of business on 22 June 1984.
The registers of members of the companies will be closed from 25 June 1984 to 6 July 1984, both days inclusive.

The dividends are declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on 31 July 1984, or the first day thereafter on which a rate of exchange is available.
Dividend warrants will be posted on 9 August 1984.

In the case of non-resident shareholders, taxation of 15 per cent will be deducted.
The full conditions of payment may be inspected at or obtained from the London office of the companies or the offices of the transfer secretaries.

Dividends on shares included in share warrants to bearer of West Rand Consolidated Mines Limited, will be paid in terms of a notice to be published as soon as possible after the currency conversion date.

The companies mentioned are incorporated in the Republic of South Africa	Class of share/stock unit	Dividend No.	Description	Amount per share (cents)
Buffelsfontein Gold Mining Company Limited	Ordinary	54	Final	300
Marievale Consolidated Mines Limited	Ordinary	88	Interim	18
St. Helena Gold Mines Limited	Ordinary	58	Interim	155
Stilfontein Gold Mining Company Limited	*Ordinary*	*50*	*Interim*	130
The Grootvlei Proprietary Mines Limited	Ordinary	91	Interim	61
West Rand Consolidated Mines Limited	Ordinary	105	Interim	20

Note: Chemwes Limited, the company in which Stilfontein and Buffelsfontein hold an 80% and 20% share respectively, declared an interim of R8 million.

By order of the Boards
per pro GENCOR (U.K.) LIMITED
London Secretaries
L. J. Baines

London Transfer Secretaries:
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

30 Ely Place
London EC1N 6UA

7 June 1984

TRANS-NATAL COAL CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Gencor Group

DIVIDEND DECLARATION

Notice is hereby given that a final dividend, No. 43 of 30 cents (60 cents for the year) per share has been declared to ordinary shareholders in respect of the financial year ending 30 June 1984.

The dividend is declared in the currency of the Republic of South Africa and is payable to shareholders registered in the books of the company at the close of business on 22 June 1984. The register of members will be closed from 23 June 1984 to 6 July 1984 both days inclusive. Payment will be made by the transfer secretaries mentioned below, on 22 August 1984. Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on 14 August 1984, or the first day thereafter on which a rate of exchange is obtainable.

Non-resident shareholders' tax of 15 per cent will be deducted from dividends payable to shareholders whose registered addresses are outside the Republic of South Africa.

The full conditions of payment may be inspected at or obtained from the London office of the company or the office of the transfer secretaries.

By order of the Board
per pro GENCOR (U.K.) LIMITED
London Secretaries
L. J. Baines

30 Ely Place
London EC1N 6UA

London Transfer Secretaries
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

7 June 1984

BP Minerals International Limited

(formerly Selection Trust Limited)

Issue of US$ 50,000,000 8¾ per cent Bonds 1989

Notice is hereby given to the holders of the 8¾ per cent Bonds due 1989 of BP Minerals International Limited (formerly Selection Trust Limited – "the Company") that, in accordance with the terms of the Trust Deed dated 28th July 1977, between the Company and the Law Debenture Corporation p.l.c., the Company has elected to increase the annual redemption instalment of US$ 2,500,000 required on 1st August 1984 from US$ 2,500,000 to US$ 5,000,000. The increased redemption instalment has already been satisfied by purchases made by the Company in the market.

Dated 7th June 1984

DANSK OLIE & NATURGAS A/S
US$100,000,000 GUARANTEED FLOATING RATE NOTES DUE APRIL 1989

In accordance with the provisions of the Notes, notice is hereby given, that in respect of the third Interest Period from April 5 to July 5, 1984, the rate for the third Interest Sub-period from June 5 to July 5 has been determined at 11⅝% per annum and the amount of interest accrued is US$95.72 per US$10,000 nominal amount for this Sub-period together with US$193.26 per US$10,000 nominal amount for the first and second Interest Sub-periods, the total amount of interest per US$10,000 amount of Notes in respect of the third Interest period amounting to US$292.98 will be payable on July 5, 1984, either directly in respect of any Registered Notes already issued, or through Cedel S.A. in respect of the unexchanged portion of the Temporary Global Note in accordance with the terms thereof.

8 June, 1984

THE CHASE MANHATTAN BANK N.A. LONDON, AGENT BANK.

European Investment Bank

7¼% 1972/1987 Loan of FF 175,000,000

Bondholders of the above loan are advised that the amount of FF 17,500,000 redeemable on August 1, 1984 was bought into the market. Amount outstanding: FF 70,000,000.

Luxembourg, June 8, 1984

SOLVAY & CIE S.A.
NOTICE OF DIVIDEND

The general meeting of 4th June, 1984 approved the distribution, for the financial year 1983, of a net dividend [illegible] [illegible] Coupon [illegible]

Banque Belge Limited, 123 Cheapside, London EC2V 6DS.

between the hours of 10 a.m. and 2 p.m. on or after Tuesday 19th June, 1984. U.K. Tax will be deducted from the net dividend unless lodgements are accompanied by the necessary affidavits. Payment can be made only to persons residing outside the Belgo-Luxembourg Customs Union. Shareholders should note that under the terms of the U.K./Belgian Double Taxation Convention, Solvay shareholders resident in the U.K. are eligible, upon completion of a form [illegible] to a partial reimbursement of Belgian Withholding Tax equal to 13.13% of the net dividend.

PIONEER ELECTRONIC CORPORATION

Notice is hereby given to holders of CDRs issued by Caribbean Depositary Co. N.V., Curaçao evidencing shares in the above company that the "5th semiannual business report" for the six months ended March 31, 1984, of Pioneer Electronic Corporation may be obtained from:

Pierson, Heldring & Pierson N.V.
Herengracht 214, Amsterdam
and
The Bank of Tokyo Ltd
established in: Tokyo, Brussels, London, Dusseldorf, Paris and New York

PIERSON, HELDRING & PIERSON N.V.

Amsterdam, June 1, 1984

GIST-BROCADES N.V.

In accordance with subsection 2a of the Trust Deed of 18th June 1969 relating to the
GIST-BROCADES N.V.
U.S. $15,000,000 5¼ per cent Convertible Subordinated Debentures due 1984 (the "Debentures") the undersigned announces that the Conversion Price falls to be adjusted as a result of a declaration of 1 share for 10 shares to the share premium account. [illegible]

From May 19th 1984 the conversion price will be reduced to Dfl. 27.30 per share of Dfl. 10 nominal.

N.V. ALGEMEEN ADMINISTRATIE- EN TRUSTKANTOOR
Wijnhaven 69
3011 WK ROTTERDAM
The Netherlands.

COPENHAGEN TELEPHONE COMPANY, INCORPORATED

UA 20,000,000 9¼%
1975/1985 BONDS

Pursuant to the provisions of the Trust Deed, notice is hereby given that nominal UA 300,000 have been purchased for the Purchase Fund during the twelve-months period commencing May 28, 1983.

Amount outstanding: UA 17,550,000.

COPENHAGEN TELEPHONE COMPANY, INCORPORATED

June 8, 1984.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN
KOMATSU LTD., TOKYO

We are pleased to confirm that copies of the Annual Report for the year ended December 31, 1983, of Komatsu Ltd., Tokyo, and Consolidated Subsidiaries, are now available to EDR Holders upon application to the following conversion agents: Citibank Branches in Amsterdam, Frankfurt, Brussels, Paris and Milan; and at Citibank (Luxembourg) S.A., Luxembourg; Kredietbank S.A., Luxembourgeoise, Luxembourg.

CITIBANK, N.A.,
336 Strand, London WC2R 1HB. Depositary
June, 1984.

Legal Notices

IN THE MATTER OF THE COMPANIES ACT 1948
AND IN THE MATTER OF
ELKINS & EVANS LTD
t/a AMALGAMATED PAPER-BACK CO.
(In Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act 1948 that a General Meeting of the Members of the above-named Company will be held at 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, on Thursday 28th June 1984 at 10.00 a.m. to be followed at 10.15 a.m. by a General Meeting of the Creditors for the purpose of receiving an Account of the Liquidators' Acts and Dealings and of the conduct of the Winding-up to date.

Dated this 25th day of May 1984.
M. B. HARRIS,
P. GRANVILLE WHITE,
Joint Liquidators.

Art Galleries

BROWSE & DARBY, 19, Cork St., W1. 01-734 7984. PATRICK GEORGE. Recent paintings.

CRANE KALMAN GALLERY, 178, Brompton Road, SW3. 01-584 7566. ALAN LOWNDES (1921-1978) Retrospective Exhibition. Mon.-Fri. 10-6. Sats. 10-4.

MATTHIESEN, 7-8, Mason's Yard, Duke St., St. James's, SW1. 01-930 2437. SCHOOL OF FERRARA 1450-1628. Until 14 August. Mon.-Fri. 10-5.30; Sats. 10-12.30.

THE MANAGEMENT PAGE

'Profit is regarded as something which can be raided'

Another dispatch from the finance director of a medium-sized engineering company in the North West

THE STRIKE lasted three weeks. At the time it seemed longer. Ostensibly it was about pay, but then perhaps most strikes seem to be about how much people should be paid, even though things which are deeper, more significant and less able to be articulated, are also causes of conflict. There were actions which, under the new legislation, might have been construed as intimidation, but not many. We did not push the point too hard.

Among our managers there was an air of disbelief. How was it possible that after coming so close to disappearing over the edge for ever, survival was in jeopardy again? The significant difference this time was that the cause was not some malevolence visited upon us by a wicked outside world, but was entirely internal and self-destructive.

Communications, we thought, had not been the problem. Our self righteousness seemed justified. The unions understood fully the position of the company. The good and the bad news had been presented in the same detail and with the same accuracy and enthusiasm, although the nature of trading conditions means there will always be difficulties in presenting a clear-cut picture.

Certainly the background leading up to the strike could have been a factor.

Our bottom line had improved from being completely disastrous, to nearly respectable in some months. We did not hide this fact; how could we? We began to do some of those things that a company going bankrupt does not normally do — repairing the factory roof, replacing the salesmen's cars, thinking about new manufacturing equipment.

Instead of disappearing completely, as had happened in previous years, the order book remained steady right up to the end of 1983. We had anticipated that customers would destock as they had done at the end of every year since 1979. When they did not, we had to work more overtime to ensure that delivery service was maintained at a reasonable level.

Overtime, we knew, could be a pernicious and a very exploitable activity. We were well aware of the tendency of some operatives to take time off during the week, ready to earn double time at the weekend. Rules are not always possible to avoid such situations, yet the alternative of taking on more people was nearly unacceptable to a management which, in some parts of the company, had reduced manning levels by a third or more. No-one was going to go through that pain barrier again, if he could possibly avoid it.

The result was a compromise where some temporary workers were taken on and overtime was worked by those with permanent jobs.

The accounts soon showed that for the first time since 1981 costs were rising without a commensurate increase in goods produced. Yet for those who had a more superficial view, the company was as busy as it had ever been in the past four years. Things were picking up. The survival crisis was over. Yet management knew that the achievement of a fairly demanding profit plan was in some doubt.

When the strike began an immediate worry was delivery. Tight cash constraints had forced us to reduce work in progress and finished goods stocks to minimal levels. Any kind of disruption would have an immediate effect on customers. They would quickly go elsewhere if they could not get the supplies we had promised. It is a major danger for us. Perhaps this is why some companies in the private sector are starting to give pay increases which we regard as over the odds, so avoiding such a danger.

The unions were as aware of delivery problems as we were—or so we thought. We had mentioned them on many occasions. But while we might have informed people of the potential disasters waiting to trip us up, nagging doubts began to surface about how far we had got acceptance of what we thought were basic realities.

There could be things which management thought were vital which the unions did not appreciate if their actions were to be taken at face value:

1—It is not wrong for a company to make a reasonable return on its investment. Indeed, a decent return is absolutely necessary if new investment is to be considered and it is new investment that will ensure the long-term survival of the company. The essence of the "return element" is profit. It is extremely unlikely that our company will ever again be allowed to bumble along making inadequate returns on an investment too big by far to be supported by its trading activities. Current management will not allow it to happen. If it did, other management could be brought in to ensure the opposite.

Short-term palliative

2—Pay increases have been given, even during the crisis we have gone through, which were greater than the price rises which we were getting for our products. This must be an exceedingly short-term palliative made possible by the cost reductions which have been won through redundancies.

3—Any pay increases which are in excess of the price rises we can get from our customers need to be funded by reduced costs, higher productivity or higher volume. The extra amount earned should be paid only when they have been received and even then they need to be shared, in order to achieve the required return on investment. Payment against a mere promise to raise productivity must be an anathema.

The importance of these simple economic truths seemed to have got side-tracked somewhat in all the debate.

We had sensed that immediately an increase in demand was apparent, the harsh no spending, cost cutting, survival tactics would gradually be eroded. To a degree this was inevitable. We sensed, too, that with a much more relaxed environment, the unions might want to reassert themselves. We were not quite sure what reassertion meant, but if the relationships between power, authority and responsibility were to be as blurred as they once were, then it was obviously something which could not be accepted.

Perhaps we made a mistake when the profit plan for 1984 was made in autumn of last year. We had believed that planning of any kind was unreal and took up too much of management's time, when we knew fully what we had to do to survive. With a slightly brighter economic forecast we considered that the 1984 plan was worthy of much more management effort and skill. We could not go on living precariously for ever.

In any profit plan there are imponderables, not least the sales forecast and labour cost. The sales forecast is mainly concerned with volume and prices and especially the possibility of price increases. The most important factors in labour cost are numbers of people, the potential pay rise which can be justified in the planning period, and productivity.

Many, perhaps most, organisations carry out their profit planning and wage bargaining independently of one another. However, what we felt we should have done, but did not fully do, is to link the two together.

First we should have debated the potential sales revenue and how it was to be obtained. Secondly, we should have considered the likely cost of bought-in components, raw materials and services. Thirdly, we should then have reviewed what we needed as a return on investment. Finally we should have calculated what salary/wage levels we could afford. It might have been a 3 per cent or 4 per cent rise. Anything else would need to be achieved through increases in productivity and only given out when earned.

The intrinsic problems of actually carrying out this routine are worrying to us.

For example, the unions need to understand the accounts, the elements in the profit plan and accept management's interpretation of the data, in a way many of our managers still do not do. How is it possible to discuss what the company can afford if a basic understanding of the company's financial position is missing? The matter of trust is important. Perhaps Japanese management in the UK for which Mr Duffy of the Engineers Union has such a high regard, can be trusted to "tell it like it is." British management has been seen to crumble too often — and under pressure raise pay levels, again and again — to be trusted. Somehow there seemed always to be some more to be squeezed out. It is this activity in the long run which has helped to destroy much of British industry.

Harrowing times

Then there is the needed belief that return on investment matters to everyone. Profit is a concept which has gained in repute in our company, but is still regarded as something which can be raided to provide extra pay. Those who work long hours, at boring jobs, do not always look kindly at money they think they have earned, streaming out of the company. We have still to create an environment where profit-making is sacrosanct as it helps us keep all our jobs.

Debates about pay — the bone in our throat — could be a cover for all sorts of resentments and fears which the recession has brought. People who have lived with the fear of redundancy may not necessarily react logically and calmly once cost reduction pressures slacken and orders increase.

Managers too have been through the same harrowing times. All who have survived the storms and tempests have learned a good deal about management principles, but more still about how to make things happen. They have far more self-confidence, because they have achieved things that once were *thought* to be impossible. The mistake made in the 1960s and 1970s, when pay increases were given because commensurate price rises were easy to achieve, are recognised. Then there seemed no real reason to exert management authority. Now the pressures are real and hard. Costs are still rising inexorably, from rates to raw materials. The Government is at long last trying to help by imposing a wage policy on the areas in the economy over which it has control. The general pay ethos, which should follow, could be a major help to us. (Though the recently published pay scales for managers in banking and other financial institutions, make us wince with envy and despair.)

It would be too easy to see, on the one hand, trade unions attempting to put the clock back through the wage bargaining procedures, and, *on the other*, a resurgent management, determined not to let the pain of the past few years go unrewarded. We certainly did not see our strike in those terms. It would be a tragedy if we developed in this way. If we do, then we can look forward to some really exciting times later in the year.

We measure productivity as a relationship between payroll costs and added value. Overtime and training temporary staff are factors in a slow but real drift away from a satisfactory ratio. Using accounting calculations alone, it will soon be necessary to reduce the numbers we employ further, reduce pay or somehow increase added value. The first option seems the easier one, but we are reluctant to do it. How much further we can reduce the number of people we employ yet still remain viable is a debatable point.

We are aware that some organisations have introduced incentive payment schemes, based on the relationship between payroll costs and added value. It sounds sensible, if the unions understand the difficulties of measuring added value and why it fluctuates.

As for the strike, we are not sure who won. We only know that the company as a whole lost.

Previous reports from the front line were published on February 2 and December 28, 1983.

Management abstracts

Job transfer survivors. G. G. Haight in **Across the Board** (U.S.), *December 1983.*

Suggests that employees treat location moves with resigned acceptance; uses evidence from a report to assess how employees really feel, and the attitudes of employers. Finds a high level of stress following relocation, and uncovers an attitude of "employees' personal lives are not our business," notes some worthy exceptions. Looks at seminars designed to teach "moving skills," and reduce stress; cites recent research which claims that the long-term effects of moving are not harmful, and can be positive, but gives the impression that if moves are rejected, prospects are reduced.

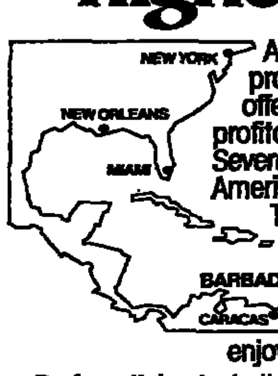
A *correspondence databank*. U. Bauernfeind in **Büro+EDV** (Fed. Rep. of Germany), December 1983. (In German, English version available)

An account of how an insurance company (strictly speaking two jointly administered insurance companies, Provincial Fire and Provincial Life) have taken their own route towards *the paperless office. Incoming* documents are coded, computer-registered, and microfilmed; the original then goes to the department concerned that will deal with it, if necessary with VDU-reference to stored information and—again, if necessary—after calling up print-outs of previous papers held on microfilm; then all papers are destroyed. With corresponding procedures for outgoing documents, and interlinked COM-records, a complete system has been created. As an indication *of volume, the number of documents* microfilmed in the year to June 1983 was 5.6m.

The power of suggestion. G. Gregg in **Across the Board** (U.S.), December 1983.

Examines the role of suggestions schemes, with particular emphasis on that run by HR Textron (aerospace control equipment); looks at some of the disadvantages of such schemes, with disgruntled employees taking companies to court for not paying enough for *their ideas. Expores how HRT* has avoided such litigation, and how to treat rejected suggestions.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be *obtained at £3 each (including* VAT and p+p; cash with order) from Anbar, PO Box 13, Wembley HA9 8DJ.



SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday June 8 1984

ØØ

WALL STREET

Firm rates keep caution to the fore

RENEWED firmness in short-term interest rates unsettled Wall Street again yesterday. Leading stocks traded actively around their overnight levels, but in the bond market there was an inclination to hold fire ahead of the announcement of the money supply statistics, *writes Terry Byland in New York.*

Towards the end of the session, the bond market turned higher to show gains of half a point in anticipation of good news on bank lending and money supply.

On the surprise news that M-1 money supply had fallen by $2.4bn – the market expected a modest increase – and that loans by the major New York banks had fallen by a further $260m, the bond market rapidly extended its gains. The long bond ended around 1¼ points higher on the day.

The stock market closed ahead of the money supply announcement with the Dow Jones industrial average showing a loss of 1.40 at 1132.44 on turnover of 82.5m shares. The new long bond price is 99 22/32, a net 1 11/32 higher.

The Federal funds rate moved up to 11 per cent, raising queries in the market over the credit stance of the Federal Reserve. However, with the funds at 10 15/16 per cent, the Fed announced $2bn in customer repurchases, which helped restore the market's belief that the Fed will not tighten its policies during the present uncertainty in the banking industry.

Despite the Fed's help, Treasury bill and money market rates moved higher again. The longer end of the credit market remained subdued, suffering again from a lack of retail investor support.

In the stock market, investors were discouraged by the trend in the credit sector, as well as by weakness in a handful of leading issues. Turnover remained brisk, however, and there were a number of firm features.

Exxon jumped to top the actives list after a single deal of 2.1m shares at $40⅝, off $⅛.

IBM turned lower again, with the market still convinced that it will be forced to cut prices for its personal computer in order to meet sales targets for 1984. At an early $105⅝, IBM stock dipped $⅝ on some persistent selling.

In chemicals, Monsanto made a delayed start and later traded $1⅝ down at $44⅝, after adjusting for the stock split which became effective yesterday. The board described as "grossly exaggerated" suggestions in the trade press of possible problems with its Lasso herbicide product.

The annual meeting at Chrysler brought good news for Wall Street, in the form of an increased quarterly payout, and the stock gained $⅝ to $24⅞ in busy trading.

Other bright spots included Boeing, $⅝ higher at $41½, reflecting an optimistic view of the group's prospects in civil aerospace.

The banking sector looked steadier after Mr Donald Regan's reassurances on the debt crisis. At $7¼, Continental Illinois added $¼ as the House Banking Committee agreed to postpone its hearings into the bank's misfortunes.

Turnover of 1.5m shares in Mesa Offshore Trust disclosed the progress of the deal between Mesa Petroleum and Penn Central to unravel Penn's financial backing for Mesa's abortive attempt to take over Gulf, the oil group.

The market's leading industrial issues traded steadily around overnight levels for much of the session. General Electric was unchanged at $53¼, and General Motors also remained at the previous closing level of $64½.

Attempts at a rally in the market were stimulated by further moves by major companies to buy back their own stock while prices are depressed. Nabisco Brands, the food manufacturer, jumped $1⅛ to $44⅜ on news that it will buy in another 7m shares. Chrysler also indicated that it might buy in stock.

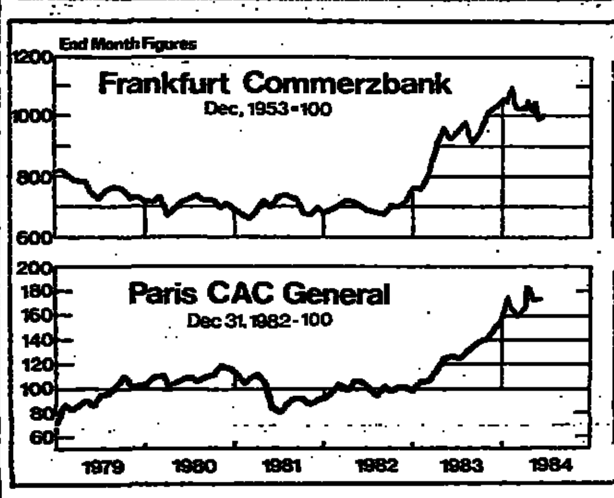
Teledyne at $200 recouped $1 of its recent fall. The softness of the IBM stock price left other computer stocks looking dull. Digital Equipment gave up a further $¾ to $90⅝ and Texas Instruments at $133 eased $½.

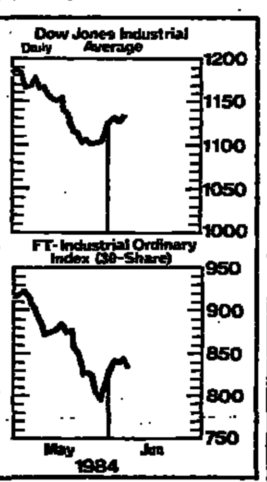
On the American Stock Exchange, BAT Industries of the UK edged up $⅛ to $3⅛ on turnover of half a million American Depositary Receipts. But the data communications issues turned down, led by Wang Laboratories $⅛ off at $26⅝, and Tie Communications, $⅝ off at $13⅞.

Treasury bill rates topped off after the Fed's announcement of customer repurchase arrangements but the federal funds rate remained at 11 per cent. Three-month Treasury bills at a 9.84 per cent discount were 13 basis points up, with six-month bills at 10.61 per cent, up 4 basis points. In the bank certificates of deposit sector, rates put on 10 to 20 basis points.

With interest still slack in the federal bond market, prices opened with further losses of about half a point. A rally at midsession brought the key long bond of 2014 to 98 5/32, a net fall of 5/32.

KEY MARKET MONITORS





STOCK MARKET INDICES

NEW YORK	June 7	Previous	Year ago
DJ Industrials	1132.44	1133.84	1194.91
DJ Transport	478.19	485.08	558.58
DJ Utilities	124.42	124.90	128.74
S&P Composite	154.92	155.03	162.77
LONDON			
FT Ind Ord	833.2	846.5	718.4
FT-SE 100	1072.0	1087.9	950.6
FT-A All-share	501.32	505.7	443.84
FT-A 500	548.67	554.56	484.40
FT Gold mines	694.0	699.3	602.9
FT-A Long gilt	10.74	10.6	10.22
TOKYO			
Nikkei-Dow	10,316.00	10,254.2	8475.3
Tokyo SE	796.28	792.4	628.5
AUSTRALIA			
All Ord.	679.3	673.7	603.6
Metals & Mins.	456.1	449.3	537.2
AUSTRIA			
Credit Aktien	54.68	54.67	57.62
BELGIUM			
Belgian SE	147.96	148.30	120.24
CANADA	June 7	Previous	Yr ago
Toronto			
Metals & Minls	2001.60*	2015.60	—
Composite	2273.20*	2282.50	2406.30
Montreal			
Portfolio	n/a	n/a	121.69
DENMARK			
Copenhagen SE	185.74	186.12	144.87
FRANCE			
CAC Gen	172.4	172.2	126.5
Ind. Tendance	107.5	107.5	77.1
WEST GERMANY			
FAZ-Aktien	345.47	344.21	307.42
Commerzbank	1001.2	998.6	916.5
HONG KONG			
Hang Seng	962.14	932.12	881.67
ITALY			
Banca Comm.	203.67	205.47	186.95
NETHERLANDS			
ANP-CBS Gen	157.7	157.3	126.5
ANP-CBS Ind	125.4	125.7	102.3
NORWAY			
Oslo SE	262.55	264.82	189.56
SINGAPORE			
Straits Times	951.08	947.45	962.29
SOUTH AFRICA			
Golds	1048.1	1066.1	832.9
Industrials	1051.1	1048.4	935.0
SPAIN			
Madrid SE	121.61	121.35	114.2
SWEDEN			
J & P	1435.68	1439.64	1316.23
SWITZERLAND			
Swiss Bank Ind	365.7	363.8	321.2
WORLD	June 6	Prev	Year ago
Capital Int'l	179.3	178.5	175.8

GOLD (per ounce)

	June 7	Prev
London	$392.00	$392.00
Frankfurt	$392.25	$391.75
Zürich	$392.25	$391.75
Paris (fixing)	$392.13	$392.48
Luxembourg (fixing)	n/a	$399.30
New York (June)	$390.20*	$392.70

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR June 7	Previous	STERLING June 7	Previous
$	–	–	1.3955	1.4025
DM	2.6945	2.677	3.765	3.7525
Yen	231.3	230.4	323.25	322.25
FFr	8.265	8.255	11.58	11.55
SwFr	2.2435	2.232	3.1325	3.13
Guilder	3.0395	3.021	4.2475	4.2375
Lira	1672.0	1661.0	2329.0	2332.0
BFr	54.98	54.7	76.7	76.85
C$	1.30025	1.29875	1.8155	1.8215

INTEREST RATES

Euro-currencies	June 7	Prev
(3-month offered rate)		
£	9⅝	9⅝
SwFr	3 13/16	3⅞
DM	5⅝	5 9/16
FFr	13⅝	13⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	11⅜	11 7/16
6-month U.S.$	12⅛	12⅛
U.S. Fed Funds	11 1/16	11
U.S. 3-month CDs	11.25	11.00
U.S. 3-month T-bills	9.84	9.75

U.S. BONDS

Treasury	June 7 Price	Yield	Prev Price	Yield
12⅜ 1986	99 23/32	12.79	99 13/16	12.66
12⅞ 1991	94⅞	13.56	95⅛	13.44
13⅛ 1994	97 21/32	13.53	98 3/32	13.48
13⅛ 2014	98 5/32	13.49	98 25/32	13.44
Corporate	June 7		Prev	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	87⅜	13.50	87⅜	13.50
3⅝ July 1990	71	10.45	71	10.45
8¾ May 2000	67⅞	13.90	67⅞	13.90
Xerox				
10¼ March 1993	83⅜	13.80	83⅜	13.80
Diamond Shamrock				
10⅜ May 1993	83⅜	13.95	83⅜	13.95
Federated Dept Stores				
10⅜ May 2013	78⅜	13.95	78⅜	13.95
Abbot Lab				
11.80 Feb 2013	85	13.95	85	13.95
Alcoa				
12¼ Dec 2012	85⅜	14.25	85⅜	14.25

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%				
June	61-22	61-24	61-08	61-28
U.S. Treasury Bills (IMM)				
$1m points of 100%				
Sept	88.86	88.85	88.77	88.87
Certificates of Deposit (IMM)				
$1m points of 100%				
June	88.70	88.74	88.64	88.75
LONDON				
Three-month Eurodollar				
$1m points of 100%				
June	88.55	88.62	88.52	88.75
20-year Notional Gilt				
£50,000 32nds of 100%				
June	103-17	104-14	103-17	105-20

COMMODITIES

(London)	June 7	Prev
Silver (spot fixing)	658.45p	666.10p
Copper (cash)	£1015.50	£1005.75
Coffee (July)	£2240.50	£2181.50
Oil (spot Arabian light)	$28.35	$28.40

LONDON

CONFLICTING views on the course of U.S. interest rates confused London markets yesterday.

Gilt-edged traders took a pessimistic stance and, after their heavy investment for institutional clients over the past week or so, they nervously retreated to the sidelines, leaving the market at the mercy of smaller investors.

Gilt-edged losses soon ran beyond a point in nervous trading and later extended to 1¾ before tentatively rallying late to close ¼ off the day's worst. Longer-dated issues sustained the heavier falls, but the shorts also weakened noticeably.

Leading shares were unable to resist the sudden break in the gilt-edged market and soon lost ground after a firm start. Ladbroke's call for sizeable funds, via a £54m rights issues, made little impression on sentiment. The shares shed 11p to 219p.

The FT Industrial Ordinary index ended 13.3 down at 833.2 having been 4.4 higher at the first calculation of the day.

Chief price changes, Page 36; Details, Page 37; Share information service, Pages 38-39.

AUSTRALIA

OVERSEAS BUYING from Britain and the U.S. helped to bring an improved tone to Sydney, although the upturn was restrained during the afternoon due to a shortage of sellers. The All Ordinaries index ended up 5.6 at 679.3.

The rally was led by the major mining companies while partners in the Jabiru oil exploration project in the Timor Sea were also marked up in anticipation of good results from the Jabiru III well.

BHP, the well's operator, added 16 cents to A$9.90 ex-dividend, while Ampol Exploration firmed 5 cents to A$3.45 and Weeks Australia 3 cents to A$1.03.

Media shares were better with News Corporation, up 40 cents to A$9.50, continuing to recover strongly.

SINGAPORE

A FIRMER tone was maintained in Singapore although turnover remained modest. The Straits Times industrial index added 3.63 to 951.08.

Much of the day's interest focused on the most actively traded stock, Pan Electric, which accounted for more than a tenth of total volume.

The issue added 4 cents to S$2.05 on expectations that its salvage subsidiary would reap large profits from aiding tankers disabled in the Gulf war.

Most sectors reflected modest rises with Shell 30 cents higher at S$9.20, Malayan Cement 15 cents to S$7.60, Wearnes 14 cents to S$4.64 and Singapore News 10 cents to S$5.85.

SOUTH AFRICA

GOLD SHARES continued easier in Johannesburg as the bullion price held little changed around $391.75 an ounce. Doornfontein shed 75 cents to R34.25, while Grootvlei fell 25 cents to R18.10.

Among mining financials, Anglo-American Corporation continued its advance, adding 20 cents to R24.60. De Beers and Rustenburg Platinum each shed 5 cents to R8.90 and R14.70 respectively.

EUROPE

Political pressure on Milan

ITALIAN shares came under pressure yesterday as conflict grew within the Craxi coalition over the machinations of the P2 masonic lodge and the Government struggled to enact its proposals to restrict wage indexation.

Other bourses spent a further day becalmed, unable to find any thrust from an oscillating Wall Street.

The likelihood that the limits to the *scala mobile* mechanism would be written into law before any showdown among the coalition partners provided something of a prop for **Milan**, but the general tone was dispirited.

Of those who did not turn sellers, many merely stayed away. Great difficulty was reported in absorbing the sales, resulting in still sharper markdowns. The Banca Commerciale index shed 1.80 to 203.67.

Even a forecast from Montedison, the loss-making chemicals group, that it should break even for the year brought no upward response in its price. It eased L3.6 to L213.4.

Olivetti ended its recent run-up with a L49 fall to stand at the L5,000 mark. This was despite continuing interest being reported on the company's part in buying in its own shares. Purchases from abroad were noticed too.

The financial side was also weak. Banca Commerciale itself shed L100 to L32,900, Credito Varesino a far sharper L106 to L3,999 and insurer Toro L290 to L11,000.

The domestic bond market was also sluggishly traded but no great retreat set in.

Inklings that a compromise might be near in the West German metalworkers' dispute allowed **Frankfurt** some encouragement, and the midsession calculation of the Commerzbank index put it once more above the 1,000 barrier with a 2.6 rise at 1,001.2.

But the tone softened later, even ahead of an employers' rejection of a union initiative on the working hours issue.

Foreign investors made a reassuring return, though – with demand particularly for Nixdorf Computer ahead of its first listing next Tuesday. It was quoted at around DM 489 against Wednesday's DM 458.

The market's other fledgling also did outstandingly: Porsche jumped DM 21.50 in heavy turnover to DM 1,019.50 as optimism over the strikes drew attention back to the car makers. Daimler Benz put on DM 6.80 to DM 575.80.

Banks remained troubled by the world debt burden, with losses against the general trend of DM 1 for Dresdner at DM 155 and DM 2.40 for Deutsche Bank at an ex-dividend DM 346.10.

Bonds held barely steady in the face of New York weakness, but the Bundesbank managed to sell DM 12.4m in public paper.

Thin and featureless **Amsterdam** dealings had KLM as one of the best spots with a Fl 2.50 rise at Fl 164 after the airline reported a higher load factor. With the shipping industry expecting better business this year, Nedlloyd jumped an initial Fl 2.80 but later settled just 50 cents firmer at Fl 112.50.

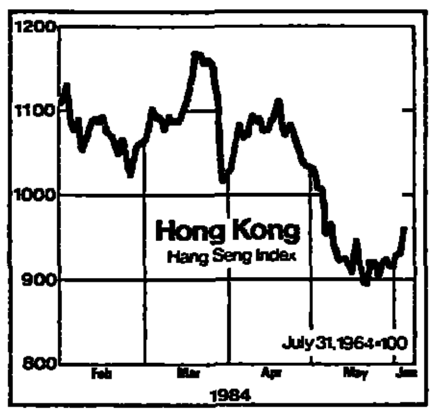
Domestic bonds lost up to 20 basis points, with business scarce.

A stagnant Paris showed some recovery both in Creusot-Loire, FFr 1.30 ahead at FFr 28, and in Schneider, up FFr 3.50 to FFr 92.50 as a financial solution was sought for the engineering concern.

Activity in **Zurich** centred on Hoffman-La Roche, which settled at SwFr 9,550 ex its SwFr 955 rights, compared with the overnight SwFr 10,200. Bonds edged higher. **Brussels** failed to establish a direction, and arms maker Fabrique Nationale shed BFr 10 to BFr 1,930 despite forecasting an earnings improvement.

Weakness in **Stockholm** persisted amid doubts over a national wages accord. Gambro fell SKr 8 to SKr 185. **Copenhagen** turned lower after holding up earlier in the week, and Jyske Bank dipped DKr 15 to DKr 530. **Oslo** eased too.

Chemicals led **Madrid** higher, but trading was light.



HONG KONG

The future approached more calmly

IMPROVEMENTS overnight in London and Wall Street provided the spur for one of the sharpest advances in Hong Kong since late April, when distress set in after Britain said publicly it would concede sovereignty to China in 1997.

The Hang Seng index added 30.02 to 962.14, underpinned by speculative interest in selected utilities.

The market was also said to be benefiting from prospects for lower interest rates in the near term and a calmer approach than of late to the question of the colony's future.

Turnover, however, remained a modest HK$160.28m for the full session, compared with HK$62.45m for Wednesday's regular half-day.

Among the utilities, China Light added 60 cents to HK$12.10, while Hongkong Electric and Hongkong Gas each rose 30 cents to HK$5.95 and HK$6.20 respectively. Hongkong Telephone was unchanged at HK$43.50.

TOKYO

Selective attitude persists

OVERNIGHT strength on Wall Street brought a moderate rally in Tokyo stocks yesterday, pushing the Nikkei-Dow market average over 10,300 for the first time in three weeks, *writes Shigeo Nishiwaki of Jiji Press.*

Many investors stayed out of the market, but for those remaining, buying was confined mainly to speculative pharmaceutical, non-ferrous metal and very high-priced issues.

The Nikkei-Dow index climbed 61.80 to 10,316.00 on volume of 420.76m shares compared with the previous day's 389.88m.

Buying interest also revived in response to reduced fears about the fate of certain U.S. banks and about an immediate flare-up in the Middle East.

Pharmaceuticals regained popularity. Among biotechnology related issues, Meiji Milk Products drew strength from news that it is progressing with development of a blood anti-coagulant, and rose Y14 to Y455. Godo Shusei, considering a plan to use its brewing techniques for drug manufacture, rose Y37 to Y615.

Kuraray, which had been the most active issue for the previous three days, eased Y6 to Y690 on profit-taking, with 16.87m shares changing hands. Mitsubishi Chemical Industries topped the actives list yesterday with 24.76m shares, but weakened Y8 to Y341.

As biotechnology related stocks faded from the limelight, non-ferrous metals drew speculative interest, with Nippon Mining firming Y24 to Y480 and Mitsubishi Metal Y28 to Y698.

Elsewhere high-priced issues also climbed on speculative buying: Kokusai Denshin Denwa (KDD) scored a maximum allowable daily rise of Y2,000 to Y24,500, while Nippon Television Network rose Y890 to Y12,690 and Kyocera Y120 to Y6,120.

Blue chips gained ground temporarily on light purchases by investment trusts, but slackened in late trading. Hitachi added Y7 to Y853, Fuji Photo Y50 to Y1,520 and NEC Y10 to Y1,190.

The bond market eased in lacklustre trading, reflecting rising concern about the continued weakness of long-term U.S. bonds and the yen's slip below Y231 to the dollar.

City, trust and long-term credit banks issued small buying orders when the yen rallied to the Y230 level, but the yield on the barometer 7.5 per cent government bonds due in January 1983 moved ahead to 7.425 per cent from 7.420 per cent.

CANADA

LOSSES among gold issues led the Toronto market lower. Weakness was also seen among base metals and minerals and the oil and gas sector.

Montreal statistics were unavailable because of technical problems at the exchange.

Closing prices June 7

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20⅝	13¼	AAR	.44	2.2	21	115	20	19⅝	19⅞	+½
53⅞	31½	ACF	1.40	2.6	143	150	53⅞	53	53	
18⅞	13⅞	AMF	.50	3.2		462	15¾	15⅜	15⅝	−⅛
41¼	26⅝	AMR Cp			5	6068	33¼	32⅝	32⅝	−1¼
20⅝	17½	AMR pf	2.18	11		3	20	20	20	
41½	29⅜	AMR pf	2.13	6.2		100	35½	34½	34½	−1⅜
16¼	8¼	APL			4	1	11½	11½	11½	+½
56¼	40¼	ARA	2.10	4.7	9	61	44⅞	44	44⅛	−¼
73	50¼	ASA	3a	4.7		180	64⅞	63½	63½	−1
33¼	17	AVX s	.32	1.6	15	89	21	20½	20½	−⅜
53⅞	38¼	AbtLab	1.20	2.7	15	3298	44	43⅜	44	+⅜
30¼	23¾	AccoWd	.60	2.2	17	102	26⅞	26⅝	26⅞	+⅛
27½	18¼	AcmeC	.40	2.2		130	18⅛	d18	18⅛	−¼
13	8¼	AcmeE	.32b	3.5	25	28	9¼	9⅛	9⅛	
24⅝	11	AdmDg	.04	.3	7	50	11⅞	11⅝	11⅞	+⅛
18⅞	15¼	AdaEx	2.11e	14		87	15⅜	15¼	15⅜	−¼
22	13½	AdvSys	.811	5.4	15	878	15¼	14½	14⅞	−¼
18½	8¼	Advest	.12	1.4	11	18	8⅝	8⅝	8⅝	
37½	25¼	AMD s			27	2681	33¼	32¼	32⅞	−⅛
24⅝	9⅛	Aeroflex			10	17	11	10⅞	11	
42⅞	30¼	AetnLf	2.64	8.4	16	2225	31⅞	31⅛	31¼	+⅛
59¼	54⅝	AetL pf	4.04e	7.6		363	57¼	57½	57¼	
35⅞	15¼	Ahmns	1.20	6.2	5	1433	19⅝	19	19⅜	−⅛
7⅝	3¼	Aileen				22	3⅞	3½	3½	

Continued on Page 35

هكذا اصل الأصل

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices June 7

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

June 7	Price Sch%	+ or —
Creditanstalt	210	
Goesser	333	+1
Interunfall	407	
Laenderbank	203	−2
Perlmooser	359	−1
Steyr-Dimler a	149	+4
Veitscher Mag	216	−1

BELGIUM/LUXEMBOURG

June 7	Price Frs.	+ or —
ARBED	1,675	+40
Banq Int A Lux	5,000	
Bekaert B	4,000	
Ciment CBR	2,300	−40
Cockerill	293	−5
Delhaize	4,995	−5
EBES	2,475	−20
Electrobel	6,820	+30
Fabrique Nat	1,930	−10
GB Inno BM	3,085	−10
GBL (Brux)	2,350	
Gevaert	3,220	
Hoboken	6,290	−10
Intercom	1,885	−10
Kredietbank	7,260	
Pan Hldgs.	9,850	
Petrofina	6,860	−30
Royale Belge	9,000	
Soc. Gen. Banq	3,145	+30
Soc. Gen. Belge	1,750	−20
Sofina	6,000	
Solvay	3,990	−40
Traction el	3,370	−60
UCB	4,650	
Vieille Mont	4,000	+50

DENMARK

June 7	Price Knr %	+ or —
Aarhus Olie	420	
Andelsbanken	234	−5
Baltic Skand	660	−20
CopHandelsbank	235	−8
D. Sukkerfab	625	−10
Danske Bank	230	−7
East Asiatic	180	+2
Forenede Brygg.	820	
Forenede Damp.	118	
GNT Hldg.	515	
I.S.S.B.	630	
Jyske Bank	530	−15
Novo Ind	2,270	
Privatbanken	234	−6
Provinsbanken	315	−4
Smidth (F)	227	−2
Sophus Berend	1,016	−16
Superfos	461	−17

FRANCE

[illegible]

GERMANY

June 7	Price Dm.	+ or —
AEG-Telef	98.2	+0.9
Allianz Vers	768	+6
BASF	164.7	−0.5
Bayer	169.5	−0.2
Bayer-Hypo	880	+1
Bayer-Verein	322	−2
BHF-Bank	265	−1
BMW	389.5	+3
Brown Boveri	215	
Commerzbank	159.2	−0.3
Cont'l. Gummi	126.5	+2.6
Daimler-Benz	578.8	+6.8
Degussa	383	+1
D'sche Babcock	155.5	
Deutsche Bank	346.1xd	−2.4
Dresdner Bank	155	−1
GHH	148	+1
Hochtief	585	+36
Hoechst	166.5	−1
Hoesch Werke	115.8	+0.3
Holzmann (P)	430	+8
Horten	196	+0.5
Kali und Salz	201.8	+0.8
Karstadt	257.5	+0.7
Kaufhof	235	+5.3
KHD	247	
Kloeckner	63.3	+1.5
Krupp	78	
Linde	368	+2
Lufthansa	138	+1
MAN	146	−0.5
Mannesmann	143.9	+2.6
Mercedes Hld	501	+4.6
Metallgesell	230	
Muench Rueck	1,020	+5
Preussag	268	
Rhein West Elect	160.5	
Rosenthal	232.5	+0.6
Schering	332	
Siemens	390	−1
Thyssen	85.5	+0.8
Varta	175	+1
Veba	166.6	+0.4
V.E.W	120.7	+0.6
Verein-West	298	
Volkswagen	192.5	+1.5

ITALY

June 7	Price Lire	+ or —
Banca Com'le	32,900	−100
Bastogi IRBS	120	
Centrale	2,186	−84
Credito Varesino	3,999	−106
Fiat	3,805	−40
Finsider	35.2	
Generali Assicur	33,610	−540
Invest	3,212	−10
Italcementi	46,100	
[illegible]	[illegible]	−3.5
[illegible]	[illegible]	−49
[illegible]	[illegible]	+9
[illegible]	[illegible]	
[illegible]	[illegible]	−24
[illegible]	[illegible]	−290
[illegible]	[illegible]	−16

NETHERLANDS

[illegible]

NORWAY

June 7	Price Kroner	+ or —
Bergen Bank	165	−2
Borregaard	265	−12.5
Christiania Bk	170	
Den Norske Credit	162	+2
Elkem	140.5	+2.5
Norsk Data	288	−2
Norsk Hydro	587.5	+0.5
Storebrand	212.5	+2.5

SPAIN

June 7	Price Pts%	+ or —
Bco Bilbao	325	
Bco Central	324	+2
Bco Exterior	204	
Bco Hispano	231	
Bco Santander	309	+3
Bco Vizcaya	377	+2
Dragados	155	−1
Hidrola	52.7	+0.2
Iberduero	61.5	−0.2
Petroleos	127	
Telefonica	84	−0.5

SWEDEN

June 7	Price Kronor	+ or —
AGA	340	
Alfa-Laval	230	−1
ASEA (Free)	297	
Astra (Free)	390	−5
Atlas Copco	117	
Boliden	385	−5
Cardo (Free)	390	
Cellulosa	136	−3
Electrolux B	247	−2
Ericsson	302	−1
Esselte	290	
Mo Och Domsjo	375xa	+5
Pharmacia	238	−2
Saab-Scania	401	+3
Sandvik	400	
Skandia	365	
Skan Enskilda	330	
SKF	180	−3
St. Kopparbergs	650	+4
Sven Handelsbn.	190	
Swedish Match	225	
Volvo B (Free)	491	

SWITZERLAND

June 7	Price Frs.	+ or —
Alusuisse	783	+1
Bank Leu	3,800	−25
Brown Boveri	1,315	+10
Ciba Geigy	2,175	−15
do. (Part Certs)	1,670	−10
Credit Suisse	2,170	−5
Elektrowatt	2,500	+10
Fischer (Geo.)	615	+22
Genevoise	3,650	−100
Hoff-Roche PtCts	95,500	−6250
Hoff-Roche 1/10	9,550xr	−700
Jacobs Suchard	6,300	−75
[illegible]	[illegible]	[illegible]

AUSTRALIA (continued)

June 7	Price Aust. $	+ or —
Gen Prop Trust	2.05	
Hardie (J.)	5	+0.02
Hartogen Energy	2.2	−0.05
HeraldW'y Times	3.18	+0.06
ICI Aust	1.9	
Jimb'lana(50cFP	0.25	
Kia Ora Gold	0.16	+0.01
Lend Lease	4.6	
MIM	2.97	−0.03
Mayne Nickless	2.25	
Meekatharra	0.55	−0.02
Myer Emp.	1.67	−0.01
Nat. Com. Bk.	3.2	+0.12
News	9.5	+0.4
Nicholas Kiwi	2.55	
North Bkn Hill	2.4	+0.05
Oakbridge	0.85	
Otter Expl.	0.55	−0.05
Pancont'l	1.18	
Pioneer Conc	1.38	
Queensland Coal	1.0	+0.01
Reckitt & Coln	2.4	−0.15
Repco	1.12	
Santos	5.9	+0.04
Smith (H.)	3.35	−0.05
Southland Min'g.	0.34	
Spargos Expl.	0.4	
Thos. Natwide	1.65	+0.05
Tooth	5.5	
Vamgas	2.8	
Western Mining	3.48	−0.08
Westpac	3.76	+0.06
Woodside Petrol.	1.11	+0.01
Woolworths	2.28	+0.01
Wormald Intl	2.75	

HONG KONG

June 7	Price H.K.$	+ or —
Bank East Asia	22.5	+0.3
Cheung Kong	6.7	+0.25
China Light	12.1	+0.6
Hang Lung Devel	2.4	+0.05
Hang Seng Bank	34.75	−0.75
HK Electric	5.95	+0.3
HK Kowloon Wh.	3.72	−0.12
HK Land	3.12	−0.17
HK Shanghai Bk.	6.4	+0.2
HK Telephone	43.5	+1.5
Hutchison Wpa.	11.7xa	+0.2
Jardine Math	9.35	−0.45
New World Dev.	3.17	+0.07
Orient O'seas	2.4	
O'seas Trust Bk.	2.92	+0.02
SHK Props	6.5	+0.25
Swire Pac A	16.5	+0.4
Wheel'k Mard A	3.27	−0.1
Wheel'k M'time	1.9	
World Int. Hldgs.	2.05	+0.11

JAPAN

June 7	Price Yen	+ or —
Ajinomoto	1,160	
Alps Electric	2,130	+50
Amada	1,130	+20
Asahi Chem	565	+10
Asahi Glass	730	+5
Bridgestone	575	+5
Canon	1,190	+10
[illegible]	[illegible]	[illegible]

AUSTRALIA

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Prices at 2.30 pm June 7

[illegible]

MONTREAL

Closing prices June 6

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

[illegible]

Continued on Page 44

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Ass. News	480	+12
Booker McConn.	191	+5
Brit. Aero	383	+5
Brown & Tawse	123	+6
Churchbury Est.	655	+15
Debenhams	173	+6
Henriques (Art)	51	+4
Lep	550	+30
Pegler-Hat	244	+6
Quest Auto	37	+4
Stakis	120	+9
Vantona Viyella	201	+11
Saxon Oil	370	+38

FALLS

Tr. 9½pc 1988	£92¼	−⁵⁄₁₆
Tr 13¾pc 2000-03	£121⅛	−1⅜
Tr 2½pc IL 2020	£86	−½
BTR	455	−9
Bass	380	−8
Blue Circle	412	−8
Bowater Comm.	249	−6
Union	216	−5
GKN	173	−6
Ladbroke	219	−11
Mercantile Hse.	282	−9
Tarmac	444	−16
Thorn EMI	528	−12
BP	510	−15
LASMO	293	−12
De Beers Defd.	497	−13
North Kalgurli	60	−6

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 35

[illegible]

LONDON STOCK EXCHANGE

MARKET REPORT

Gilts slump on fears of returning interest rate pressures and equities follow

Account Dealing Dates

Option First Declara- tions	Last Dealings	Account Day
May 14 May 31	June 1	June 11
June 4 June 14	June 15	June 25
June 18 June 28	June 29	July 9

* " New-time " dealings may take place from 9.30 am two business days earlier.

Conflicting views on the course of U.S. interest rates confused London markets yesterday. Government stocks were particularly prone to the divergent beliefs of U.S. officials such as Martin Feldstein, President Reagan's chief economic adviser, who expected rates to rise over the latter part of 1984, and the Treasury Secretary who forecast cheaper credit this year through a slowdown in U.S. economic growth.

Gilt-edged traders took a pessimistic stance. Having invested heavily for institutional clients over the past week or so, they nervously retreated to the sidelines. This left the market at the mercy of smaller investors fearful of a return of the recent upward pressures on domestic rates. The resultant offerings caused an abrupt price reversal and the tone deteriorated further when New York bonds resumed their fall at the opening.

Gilt-edged losses soon ran beyond a point in nervous trading, and later "extended" to 1⅜ before tentatively rallying late to close ⅞ off the day's worst. Longer-dated issues sustained the heavier falls, but the shorts also weakened noticeably. The FT Government Securities index gave up much of its recent good advance to close 0.64 down at 78.74.

Leading shares were unable to resist the sudden break in the Gilt-edged market and soon lost ground after starting firmly on the back of Wall Street's continued recovery overnight. Ladbroke's call for sizeable funds, via a £54m rights issue, made little impression on sentiment, but there was disappointment with British Petroleum's first-quarter results.

BP dropped 15 to 510p and other oil shares followed. The setback in this sector cast a shadow over the equity market generally and throughout the afternoon values moved lower. After the official close of trading the slide was more dramatic and the FT Industrial Ordinary share index ended 13.3 down at 833.2; at the first count of the session, the index had stood 4.4 up.

Special situation industrials continued to claim some attention. Market chatter that Thorn EMI was about to launch an imminent bid on favourable terms for Bae sent the former up and Thorn down. But the speculation later appeared wide of the mark and Bae reacted to settle only 5 higher at 383p, after 395p. Thorn EMI were 12 down at 528p and GEC lost 4 to 180p.

CU react

Profit-taking in the absence of the rumoured bid from Allianz, or sale of its loss-making U.S. operations, left recently-buoyant Commercial Union 5 lower at 216p. Among other Composites, Phoenix touched 455p in the early stages but retreated on a broker's "sell" recommendation to finish 4 down at 446p. General Accident, on the other hand, firmed 5 to 465p as did GRE, to 575p.

First National Finance Corporation remained an active counter among Hire Purchases, rising to 80p before settling 2 up on balance at 77p on intense takeover speculation. Provident Financial added 4 at 188p and Baltic Leasing firmed 15 to 175p. Elsewhere, Charterhouse J. Rothschild, which last week called off plans to merge with Hambro Life, cheapened 2 to 58p following news of the proposal to form a joint company with Nikko Securities of Japan to manage U.S. pension funds. The major clearing banks were devoid of support. Barclays softened a couple of pence to 468p, but others held their overnight levels.

Reuters traded quietly at a sharply enhanced opening level of 226p prior to easing back on early Wall Street advices to close 6 dearer on balance at 221p. Among other recently-issued equities, Britax gained 7 more to 163p, but Spectra Automotive and Engineering Products slipped further to close 2 cheaper at 61p compared with the placing price of 65p.

Breweries, relatively firm of late reflecting widespread feelings that the sector was due for a re-rating in the wake of the impressive dividend season, turned back following sporadic profit-taking. Bass dipped 8 to 380p, while smaller falls were noted in Whitbread, 162p, Grand Metropolitan, 326p, and Allied-Lyons, 160p.

Adverse comment in the financial trade paper Construction News unsettled Tarmac and prompted a defensive mark-down of other leading Building issues. The former closed a net 16 down at the day's lowest of 444p, while RMC lost 8 at 402p and BPB Industries 7 at 298p. Blue Circle closed 8 off at 412p and Redland gave up 3 at 262p. Among Housebuilders, Barratt Developments lost 4 to 98p, but Bryant Holdings attracted Midland buying and firmed 3 to 63p. Elsewhere, the increased half-year profits and optimistic statement made no impression on Nottingham Brick which closed the interim statement helped without alteration at 120p, but F. Smart improve a penny to 54p.

After opening higher at 574p, ICI succumbed to scrappy selling and drifted back to close 4 cheaper on balance at 566p.

Floor coverings concern James Halstead touched 99p before closing only a penny dearer on balance at 95p following the revised "final" offer worth just over 101p per share from British Syphon, a penny off at 65p.

FINANCIAL TIMES STOCK INDICES

	June 7	June 6	June 5	June 4	June 1	May 31	year ago
Government Secs ...	78.74	79.38	79.51	79.34	78.66	78.07	82.62
Fixed Interest ...	82.98	83.11	83.11	83.06	82.70	82.48	84.31
Industrial Ord ...	833.2	846.5	840.1	843.3	824.5	799.9	716.4
Gold Mines ...	694.0	699.3	698.5	711.5	698.1	681.3	602.9
Ord. Div. Yield ...	4.74	4.67	4.70	4.68	4.78	4.94	4.50
Earnings, Yld.% (full)	11.00	10.84	10.92	10.88	11.10	11.47	8.94
P/E Ratio (net) (*) ...	10.91	11.07	11.01	11.06	10.82	10.48	13.88
Total bargains (Est.)	20,834	21,808	20,770	21,547	22,843	21,570	21,716
Equity turnover £m.	—	365.85	398.99	297.31	270.67	302.48	273.94
Equity bargains ...	—	16,615	19,025	20,153	20,046	19,601	19,132
Shares traded (mil.) ...	—	144.9	158.7	151.5	150.0	163.9	147.4

10 am 850.9. 11 am 842.8. Noon 843.3. 1 pm 842.6. 2 pm 841.0. 3 pm 837.8.

Basis 100 Govt. Secs. 8/1/58. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.43.

HIGHS AND LOWS / **S.E. ACTIVITY**

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low		June 6	June 5
Govt. Secs.	81.77 (9/1)	77.85 (30/5)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains ...	153.7	172.9
Fixed Int.	87.48 (14/5)	82.58 (30/5)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains ... Value ...	100.5 577.8	116.8 603.7
Ind. Ord.	922.8 (3/5)	770.3 (4/1)	922.8 (3/5/84)	49.4 (26/6/40)	5-day Average Gilt Edged Bargains ...	160.8	156.3
Gold Mines	711.7 (5/6)	620.2 (17/1)	734.7 (15/2/83)	43.5 (26/10/71)	Equities Bargains ... Value ...	119.7 588.5	119.9 577.6

Debenhams feature

Buyers continued to shy away from major Retailers, which again displayed modest losses. Gussies A shed 7 at 558p, while House of Fraser gave up 4 at 228p. Woolworth closed a few pence off at 443p following the rationalisation of its DIY activities in the wake of the acquisition of Comet. Debenhams bucked the general trend, however, and advanced to 176p before closing 6 dearer on balance at 173p amid rumours of a pending flotation of the highly-profitable finance arm Welbeck, or of a full-scale bid for the company; speculation of an approach from Sears Holdings was dismissed by market traders.

Secondary Stores remained irregular. Revived takeover chatter lifted Waring and Gillow 5 to 135p, after 140p, but Alfred Preedy lacked support and eased 4 to 119p. Pegler-Hattersley advanced 6 wanted and improved 4 to record a two-day gain of 6 to 51p, while Vantona Viyella, neglected of late, rallied 11 to 201p.

Electricals were overshadowed by the Thorn EMI/Bae situation. Other leaders drifted lower for want of support and Plessey, at 218p, lost 2 of the previous day's gain of 6 which greeted news of the £50m investment programme involving the planned erection of an advanced microchip processing plant in Plymouth. Racal fell 8 to 238p. Elsewhere, Quest Automation mirrored the strong profits recovery with a gain of 4 to 37p. Trading news also prompted an improvement of 2 in Electronic Rentals, at 50p. First Castle attracted renewed speculative support and put on 4 at 121p, but AB lost 20 to 460p.

Gossip that a leading broking house had substantially upgraded its profits forecast, attracted a good early demand for TI which raced ahead to 240p before reacting later on the absence of any confirmation to close unaltered at the overnight level of 230p. Other Engineering leaders turned reactionary and lost all of the previous day's good gains. GKN retreated 6 to 173p, while Vickers fell 5 to 157p and Hawker 10 to 421p. Elsewhere, Pegler-Hattersley advanced 6 more to 244p following comment on the preliminary figures, while Birmid Qualcast responded to speculative support with a rise of 6 at 123p. Nationalisation compensation hopes continued to bolster Vosper, up 10 more at 220p. Improvements of 4 and 8 respectively were recorded in F. Pratt, 57p, and Porter Chadburn, 120p. Still reflecting the increased stake taken in the company by Temple Bar Investment Trust, Birmingham Mint gained 8 afresh to 243p. Staveley added 6 at 234p but Acrow ordinary lost 2 to 50p and the A softened a fraction to 13½p in belated response to news of the further deferment of preference dividend payments.

Leading Foods displayed occasional falls after a slow business. Tate and Lyle eased 3 to 377p and Associated Dairies softened a couple of pence to 162½p. J. Sainsbury lost 4 to 518p and Tesco 2 to 185p; the latter's annual results are due next Wednesday. Among secondary issues, Hazlewood Foods continued to reflect the good results and moved up 20 more to a new high for the year of 750p.

The £54m rights issue proposal left Ladbroke 11 down at 219p and the Warrants 9 lower at 178p. Among other Hotels and Caterers, Kennedy Brookes hardened a couple of pence to 255p following the chairman's cheerful statement at the annual meeting, while Stakis rose 9 to 120p in response to a broker's recommendation.

Lep Group rise

Miscellaneous industrial leaders were prone to interest rate uncertainties. Prices drifted lower for want of support and, with the late sentiment affected by easier Wall Street influences, closing levels were around the day's lowest. BTR lost 9 at 455p and Bowater 6 to 249p. Boots dipped 4 to 173p and BOC eased 3 to 240p. Metal Box resisted, however, closing a couple of pence dearer at 342p; the interim figures are scheduled for next Tuesday. Elsewhere, Lep Group stood out with a jump of 30 to 550p in response to the good results and share subdivision proposals. Booker McConnell rose 5 to 191p, still on hopes of a counter offer to the unwelcome bid from Dee Corporation. Dunhill gained 20 to 680p in a thin market, while Far-eastern advices prompted gains of between 4 and 7 in Swire Pacific A, 151p, Jardine Matheson, 87p, and China Light, 112p.

Selected Publishers continued to make headway. Associated Newspapers touched 483p before settling 12 up at 480p for a three-day gain of 30. Daily Mail A hardened 10 more to 755p, after 765p, while Fleet Holdings, still aided by vague suggestions of a possible bid from Mr Robert Holmes a Court, firmed 3 to 172p.

Properties closed with minor falls after having been a shade firmer at first. Land Securities settled a penny cheaper at 275p, after 278p. Hammerson A slipped 5 to 825p and Haslemere Estates softened a couple of pence to 483p.

BP lower

The oil sector opened on a firm note and made good progress throughout the morning before beating a hasty retreat following the afternoon announcement of BP's first-quarter results. These were deemed to be mildly disappointing and the sector turned lower under the lead of BP which, having touched 531p in initial trading, fell to close a net 10 lower at 510p.

Falls of a similar nature were recorded by Shell, 677p, after 695p, and Britoil, 247p, after 252p. LASMO gave up 12 at 293p despite the gas flow from the third well drilled in the Audrey field in the North Sea. Tricentrol hardened to 213p initially, boosted by the oil and gas discovery off the coast of Louisiana in the U.S., but came back to close 6 down on balance at 204p.

Among the second-line stocks, Carless Capel remained a firm marked and added 2 more at 237p in the wake of the successful Horndean 2 appraisal well which flowed oil at a rate of 320 barrels a day. A fresh burst of speculative buying lifted Saxon Oil 38 to 370p, making a two-day gain of 60.

Overseas Traders finished a shade firmer for choice. Inchcape continued the recent recovery, rising 5 to 340p, while the strength of London coffee and cocoa markets supported Gill and Duffus, 3 dearer at 195p. Tozer Kemsley and Millbourn eased the turn to 38p following the sale of its 50 per cent interest in Abelson Plant to partners Turriff for £1m cash. Turriff were unchanged at 230p.

Mining markets continued to suffer from a marked lack of interest. Most drifted back in quiet trading, reflecting the easier trend in domestic equities and on Wall Street.

South African Golds opened on a mixed note and thereafter moved within a narrow range before staging a modest retreat in the early afternoon. Bullion again failed to give much of a lead to the sharemarket and held relatively steady at around the $392 level. Moderate interest was seen in the gold mines in the Gencor group, which announced dividends after market hours. Among these, Stilfontein moved against the overall trend and edged up ⅛ to £11⅜, but Buffels fell away to close a half-point down at £47⅝ and St Helena were a fraction easier at £28⅛. Marievale attracted persistent selling from Johannesburg and gave up 15 at 277p.

The Gold Mines index dipped 5.3 to 694.0.

UK-registered Financials remained a nervous market and came under pressure in the late trading, despite a firm performance by metal prices. Gold Fields gave up 15 at 565p and Rio Tinto-Zinc 10 at 605p, while Hampton Areas eased 3 to 217p and Charter Consolidated a similar amount to 213p; the last-named is due to report preliminary results on June 27.

Australian Golds were generally a fraction better—GMK put on 5 to 500p and White Creek 2 to 230p—but provided a weak spot in North Kalgurli, which dropped 6 to a year's low of 60p following the proposed A$10m rights issue.

Recent enthusiastic support of Traded Options was curtailed by the reaction in the equity market, but total contracts struck still amounted to a respecable 3,973. Once again, the FTSE 100 index accounted for a significant proportion of business, contributing 727 calls and 467 puts. Commercial Union again enticed operators, 413 calls being transacted with 146 in the July 240's. Courtaulds recorded 251 calls, the October 140's attracting 200 trades. Noteworthy premium gains were few, although British Petroleum July 500 puts improved 10 to 18p, while the 550 puts closed 11 up at 43p.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 21	June 8	Aug 30	Sept 10
June 11	June 22	Sept 13	Sept 24
June 25	July 6	Sept 27	Oct 8

For rate indications see end of Share Information Service.

Stocks favoured for the call included Johnson and Firth Brown, Dowsbrae, Premier Oil, Barratt Developments, Hickson International, Royal Bank of Scotland, Eglinton, Sellncourt, T. Cowie, Brunswick Oil, Hanson Trust and General Oriental. Puts were transacted in Southend Stadium, Barratt Developments and 600 Group, while a double was taken out in AE.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds ...	2	98	4
Corpns. Dom. and Foreign Bonds ...	7	27	48
Industrials ...	301	244	860
Financial and Props. ...	94	95	334
Oils ...	26	20	74
Plantations ...	6	2	12
Mines ...	18	61	104
Others ...	67	53	95
Totals ...	521	600	1,531

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Reuters New B	19	215	+ 9
BP ...	14	525	+10
Comrcl. Union	14	221	+ 8
Racal Elect. ...	14	238	− 2
Shell Transport	13	688	+11
Glaxo ...	12	827	+ 7
ICI ...	12	570	− 2
Rank Org. ...	12	220	+ 6
Amersham Intl.	11	226	+11
Brit. Aerospace	11	378	− 5
GKN ...	11	179	+ 5
Phoenix Assce.	11	450	+20
Powell Duffryn	11	355	+17
Saxon Oil ...	11	332	+22

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	Price/Earnings Ratio
270	100	10/8	105	83	Assoc Brit Ports ...	77	...	8.5	2.9	4.9	9.3
100	66	2/11	67	61	RailieGiffordTechnoy	62	...	—	—	—	—
‡95	F.P.	10/6	210	145	‡Body Shop 5p ...	180	...	b1.8	3.2	1.4	44.2
§140	F.P.	10/6	175	138	‡Britax 5p ...	163	+4	bg2.0	3.1	1.8	25.5
—	F.P.	—	36	12½	‡Cliff Oil Warrants ...	21	...	—	—	—	—
120	F.P.	12/7	147	120	Comcap 5p ...	137	+2	g01.5	3.7	1.7	18.0
142	F.P.	22/6	48	41	Delaney Group 10p ...	41	...	u0.8	2.2	7.7	7.0
135	F.P.	15/6	170	198	Greggs 20p ...	155	...	u3.4	2.7	3.1	11.4
195	F.P.	—	122	94	‡HoldenHydr'm'n10p	121	+3	u2.25	2.8	2.8	18.7
—	F.P.	—	£15½	£13¼	Houston nds. Inc. ...	£13¾	...	s2.46	—	15.0	—
180	F.P.	—	200	166	‡Microvitec 5p ...	190	+2	u9.25	5.0	0.9	16.0
‡10	F.P.	22/5	18	11½	‡Morris.W.FinsA10p	16	...	b0.5	5.0	4.3	14.8
11	F.P.	—	£25	£23	Northern Telecom ...	£23	...	40c	—	0.9	—
—	F.P.	27/6	60	57	OspreyCommunic'tns	60	+1	Q1.0	—	2.4	—
180	F.P.	26/6	104	93	‡Panthcrella ...	98	+1	n3.3	2.5	4.8	11.9
60	F.P.	—	88	78	‡Petrogen Pet. Inc.	83	+1	—	—	—	—
168	F.P.	—	75	68	‡Petrolex 5p ...	71	...	—	—	—	—
‡62½	F.P.	18/6	80	65	‡Plan Invest. 10p ...	60	...	u1.1	3.5	2.6	15.2
‡196	F.P.	—	226	205	Reuters 'B' 10p ...	221	+6	b2.5	4.1	1.6	21.5
70	F.P.	15/6	72	62	SPRAIT 50p ...	65	...	Qb3.5	—	5.4	—
100	F.P.	15/6	56	43	Do. Warrants ...	44	−1	—	—	—	—
120	F.P.	15/6	122	115	Do. Cum Pt. Prf. ...	118	...	Q9c	—	7.5	—
165	F.P.	22/6	135	61	‡Spectra Auto. 10p	61	−2	u2.28	2.2	5.3	11.2
‡110	F.P.	15/6	122	113	‡Stat-Plus 5p ...	112	...	u1.8	3.3	2.3	17.5
‡110	F.P.	—	147	126	‡StrollburnHoney10p	137	...	b4.2	2.3	4.1	15.0
95	F.P.	22/6	110	100	‡Sutherland E.T. ...	102	...	u3.85	1.0	4.7	14.3
—	F.P.	—	42	30½	Utd. Biscuits Warr nts	35	−1	—	—	—	—
‡285	F.P.	8/6	320	275	Wordplex 50p ...	297	+3	H1.7	—	0.8	12.6

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+ or −
98.19	£25	27/7	25½	22	Border & S'thern 11½% Deb. Stk. 2014	22¼	−1
‡100	F.P.	8/6	108	100	Britannia Arrow 9% Cnv. Uns. Ln. 2000	103	...
97.072	£25	1/7	26½	22⅛	Bruxton Est. 11pc 1st Mort. Deb. 2023	25	−¾
94.784	£25	—	24¼	21⅛	EDF 11¾% Ln. 2009	21	−¾
98.043	£50	26/6	30⅛	24⅛	Finland 11⅛% Ln. 2009	25	−⅛
96.714	£25	29/6	105⅛	95⅝	Int. Bk. for Rec. & Dev. 11⅛% Ln. 2003	27⅛	−⅛
§96.717	F.P.	15/6	103⅛	90½	MEPC 10⅛pc 1st. Mort. Deb. 2024	99⅞	−⅛
99	F.P.	—	100	99⅞	Nationwide 9⅞% 7-2-85	99⅞	−⅛
—	F.P.	—	100	100	Do. 11⅛ 3-6-85	100¼	+⅛
‡99.50	£10	—	9½	9⅛	Portsmouth Water 7¾% Red. Prf. 1997	9⅝	...
‡100	£10	—	11½	11½	Do. 13% Red. Deb. 1995	11⅛	−½
§97.80	£25	12/7	30½	23⅝	Province de Quebec 12⅛% Ln. 2020	24⅞	−⅛
98.641	£30	7/6	30	26⅛	Trinidad & Tobago 12⅞% Ln. 2009	26⅛	−⅛
‡100	£10	—	11⅝	11⅛	York Waterworks 13% Red. Deb. 1994	11⅛	−⅛

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −
85	F.P.	29/6	95	76	Amstrad 5p ...	86	+1
R2.5	Nil	—	250pm	150pm	Anglo American Ind. Corp.	150pm	...
17	Nil	—	½pm	½pm	BSG Intnl. 10p ...	½pm	...
‡1.550	F.P.	—	307	285	Bank of Ireland £1 ...	293	...
260	F.P.	24/5	327	300	Bank of Scotland £1 ...	320	...
29	Nil	—	2pm	½pm	Benlox 10p ...	½pm	...
A$7.5	A$4	—	543	394	Broken Hill Prop. A$2 ...	412	+4
70	F.P.	18/5	87	76	Brown Boveri Kent ...	78	...
10	F.P.	24/5	13	10	Ferguson James 10p ...	11	...
58	F.P.	20/6	78	69	Fisher (A) 5p ...	71	−1
R 27	F.P.	18/5	£17⅛	£15⅛	Gencor 40c ...	£16¼	...
58	F.P.	17/6	64½	57	Holt Lloyd Intnl. 10p ...	60	+1
58	F.P.	22/6	61	47	Manganese Bronze ...	53	+2
120	Nil	—	100pm	33pm	‡Midsummer Inns £1 ...	90pm	+5
450	Nil	—	120pm	100pm	Santos A$25c ...	120pm	+5
155	F.P.	21/6	165	148	Scottish TV 'A' 10p ...	150	...
20	F.P.	23/5	25	19	Wace Group 20p ...	20	...
84	F.P.	26/5	139	116	Websters 5p ...	117	...
117	F.P.	23/5	167	134	Williams Hldgs ...	157	−2

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ■ Allotment letters (or fully-paid). ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. †† Official London Listing. ‡ No par value.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BAT Industries ...	215	− 6
Bass ...	380	− 8
British Aerospace ...	383	+ 5
BP ...	510	−15
Commercial Union ...	216	− 5
First Nat. Fin. Corpn.	77	+ 2
ICI ...	566	− 4
Ladbroke ...	219	−11
Saxon Oil ...	370	+38
TI ...	230	—
Tarmac ...	444	−16
Thorn EMI ...	528	−12

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (26)

CANADIANS (3)
Echo Bay Mines — Trans Canada Pipe — Intl Corona Res

BANKS (1)
First National Finance

STORES (1)
Boardman (K. O.)

ENGINEERING (5)
Birmingham Mint — RTD Group — Brown & Tawse — Williams Hldgs — Pratt (F.)

FOODS (1)
Hazlewood

INDUSTRIALS (8)
Booker McConnell — NMW Computers — Dunhill — Watshams — Flexello Castors — Wolseley-Hughes — Hartons — Wood (Arthur)

MOTORS (1)
Dowty

PROPERTY (3)
Churchbury Estates — Grainger Trust — Compco

TEXTILES (1)
Don Bros Buist

OILS (2)
Caledonian Offshore — Sceptre Resources

NEW LOWS (34)

BRITISH FUNDS (5)
Treas 11¾pc 1991 — Treas 13pc 2000 — Treas 12½pc 1993 — Funding 3½pc '99-04 — Gas 3pc '90-95

COMMONWLTH & AFRICAN LOANS (1)
New Zealand 7¼pc 1988-92

AMERICANS (2)
Damson Oil — ITT Corp

BANKS (1)
Midland 10¼pc Uns Loan '93-98

CHEMICALS (1)
Yorkshire Chems

STORES (1)
Gent (S. R.)

ELECTRICALS (2)
Security Tag Systems — Thorn EMI

ENGINEERING (1)
Acrow A

INDUSTRIALS (8)
Centreway Inds — Pritchard Services — Duport — Wade Potteries — Grampian Hldgs — Wolverhampton Steam Laundry — Magnolia — Peek Holdings

LEISURE (1)
Tottenham Hotspur

NEWSPAPERS (1)
Haynes Publishing

PAPER (1)
McCorquodale

PROPERTY (1)
Espley Trust

SHIPPING (1)
Mersey Dock Units

TRUSTS (4)
Cons Venture 120 Warrants — Fleming Universal — Cystic Fibrosis — Amal Fin Inv

MINES (3)
De Beers Defd — North Kalgurli — Endeavour

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thurs June 7 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Wed June 6 Index No.	Tues June 5 Index No.	Mon June 4 Index No.	Fri June 1 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (203)	494.44	−1.0	9.79	3.81	12.90	499.58	496.54	496.11	484.09	498.32
2	Building Materials (24)	476.54	−1.4	12.18	4.77	10.21	483.45	480.67	477.81	466.99	430.62
3	Contracting, Construction (32)	671.02	−0.3	14.95	5.62	8.54	672.72	670.93	672.51	656.95	776.36
4	Electricals (14)	1559.21	+0.2	8.59	4.68	14.71	1556.46	1563.84	1567.08	1520.22	1988.24
5	Electronics (28)	1712.23	−1.4	8.51	2.27	15.07	1737.16	1725.36	1721.88	1684.69	0.0
6	Mechanical Engineering (62)	249.46	−0.1	11.19	4.83	10.97	249.71	247.65	249.28	242.97	217.23
8	Metals and Metal Forming (9)	183.67	−1.5	11.58	6.87	11.00	186.43	183.97	181.68	176.07	177.79
9	Motors (17)	129.53	−1.2	6.09	4.70	—	131.14	130.69	131.59	126.46	108.98
10	Other Industrial Materials (17)	650.69	−1.1	6.98	3.69	17.83	657.84	654.20	653.17	636.26	491.19
21	CONSUMER GROUP (194)	502.06	−0.9	10.83	4.34	11.33	506.45	503.38	503.00	492.02	433.74
22	Brewers and Distillers (23)	517.34	−1.4	12.51	4.84	9.85	524.45	522.88	520.77	514.16	465.25
25	Food Manufacturing (22)	378.60	+0.1	14.66	5.76	8.40	378.33	375.95	376.58	367.61	338.74
26	Food Retailing (12)	1153.29	−0.7	7.44	2.67	17.54	1160.86	1154.52	1151.29	1132.12	907.73
27	Health and Household Products (9)	798.99	−0.3	6.07	2.93	19.52	801.13	789.69	788.67	765.86	810.39
29	Leisure (23)	599.59	−1.1	9.93	4.78	12.94	606.37	608.14	612.96	605.13	546.80
32	Newspapers, Publishing (13)	1304.88	+0.7	7.62	4.15	16.96	1295.90	1280.26	1278.82	1264.43	846.32
33	Packaging and Paper (15)	238.95	−0.5	12.31	4.64	9.45	240.03	237.85	235.60	229.37	160.67
34	Stores (46)	450.53	−0.8	8.97	3.86	14.78	454.37	452.15	453.98	444.19	391.95
35	Textiles (20)	265.54	−0.9	13.22	4.92	8.69	268.02	267.30	267.74	263.00	203.60
36	Tobaccos (3)	602.59	−2.8	18.25	5.99	6.20	620.21	615.77	619.66	585.71	417.16
39	Other Consumer (8)	468.86	+0.8	11.46	4.34	—	464.91	462.67	460.42	444.80	387.85
41	OTHER GROUPS (87)	436.96	−0.1	9.97	4.39	12.43	437.55	434.49	437.85	423.78	354.60
42	Chemicals (18)	574.76	−0.6	12.86	5.15	9.64	578.51	578.78	585.57	569.69	494.76
44	Office Equipment (4)	123.30	−1.2	7.77	5.86	16.99	124.86	122.78	121.89	117.30	106.76
45	Shipping and Transport (14)	855.78	+0.6	8.84	5.06	15.24	850.33	844.97	842.88	821.72	715.86
46	Miscellaneous (51)	609.55	+0.2	8.32	3.62	14.61	608.51	601.39	606.20	583.73	465.82
49	INDUSTRIAL GROUP (494)	494.00	−0.8	10.36	4.18	11.97	498.78	495.68	496.39	483.95	445.94
51	Oils (16)	1136.80	−2.3	12.87	5.94	9.63	1163.34	1146.70	1136.72	1120.68	906.62
59	500 SHARE INDEX	548.67	−1.1	10.80	4.49	11.48	554.56	550.31	550.12	537.39	484.40
61	FINANCIAL GROUP (120)	363.81	−0.1	—	5.87	—	364.22	359.30	359.83	352.14	327.28
62	Banks (6)	349.47	−0.1	26.10	8.11	4.51	349.90	345.09	352.36	343.82	368.20
63	Discount Houses (7)	416.47	−0.1	—	7.32	—	417.06	416.82	412.41	412.31	306.00
65	Insurance (Life) (9)	462.79	—	—	5.76	—	463.02	459.94	459.91	454.91	420.68
66	Insurance (Composite) (9)	276.66	−0.3	—	6.44	—	277.52	270.11	266.79	260.52	213.12
67	Insurance (Brokers) (6)	725.85	+0.2	10.02	4.64	13.90	724.18	721.79	718.81	704.00	554.95
68	Merchant Banks (12)	207.21	−0.5	—	4.84	—	208.25	206.89	207.74	202.20	180.27
69	Property (53)	555.16	−0.1	5.54	3.77	24.25	555.89	548.04	545.04	535.72	471.25
70	Other Financial (18)	236.29	+0.4	12.04	5.82	10.04	235.46	234.20	235.57	228.06	246.94
71	Investment Trusts (106)	476.46	−0.1	—	3.83	—	476.82	471.43	468.94	457.91	416.15
81	Mining Finance (4)	294.74	−2.0	9.45	5.09	13.52	300.63	301.50	302.83	299.32	278.56
91	Overseas Traders (16)	543.08	+0.2	8.82	6.99	14.06	542.00	542.23	540.04	534.39	453.74
99	ALL-SHARE INDEX (746)	501.32	−0.9	—	4.71	—	505.70	501.41	501.29	490.00	443.84
		Index No.	Day's Change	Day's High	Day's Low						
	FT-SE 100 SHARE INDEX	1072.0	−15.9	1090.5	1072.0		1087.9	1077.8	1078.0	1052.0	0.0

FIXED INTEREST

	PRICE INDICES	Thurs June 7	Day's change %	Wed June 6	xd adj. today	xd adj. 1984 to date
	British Government					
1	5 years	115.45	−0.23	115.76	0.05	3.15
2	5–15 years	125.44	−1.02	126.91	0.18	5.39
3	Over 15 years	133.33	−1.24	136.02	1.10	5.02
4	Irredeemables	143.06	−0.71	144.09	—	6.30
5	All stocks	124.07	−0.80	125.14	0.26	4.55
6	Debentures & Loans	103.62	−0.42	104.05	—	4.99
7	Preference	76.53	−0.13	76.63	—	3.10

	AVERAGE GROSS REDEMPTION YIELDS		Thurs June 7	Wed June 6	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.19	11.06	9.45
2		15 years	11.04	10.97	9.85
3		25 years	10.43	10.38	9.62
4	Medium Coupons	5 years	12.06	11.81	11.16
5		15 years	12.03	11.82	10.87
6		25 years	11.65	11.44	10.58
7	High Coupons	5 years	12.11	11.96	11.26
8		15 years	12.17	11.93	10.97
9		25 years	11.72	11.51	10.62
10	Irredeemables		10.27	10.19	9.64
11	Debs & Loans	5 years	12.47	12.39	11.07
12		15 years	12.28	12.23	11.47
13		25 years	12.22	12.17	11.35
14	Preference		12.00	12.00	11.56

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$400	47	9.60	7	25	84	34.50	$392.40
GOLD C	$425	56	4	213	11.50	—	—	,,
GOLD C	$450	30	1.20	10	4.30	—	—	,,
GOLD P	$375	5	3.50	10	11	4	7	,,
GOLD P	$400	20	15	4	25	1	26	,,
GOLD P	$425	20	32	—	—	—	—	,,

TOTAL VOLUME IN CONTRACTS 14,197

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

June 7. Total Contracts 3,973. Calls 2,383. Puts 1,590.

*Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101	100	Treas 12pc 1984	100	+	11.93	9.35
105	103	Treas 15pc 1985	103	−	14.55	10.15
102	101	Exch. 12pc Cn. '85	101	.....	11.84	10.04
95	93	Treas 3pc 1985	94	.....	3.18	9.30
102	100	Treas 11½pc 1985	101	+	11.37	10.37
98	97	Treas 8½pc Cn. '85	97	−	8.95	10.65
104	101	Exch. 12½pc 1985	103	−	12.04	10.86
103	100	Exch. 11½pc '86	102	−	11.63	10.99
102	97	Treas. 10pc Cnv 1986	98	−	10.17	11.00
90	88	Treas 3pc 1986	88	...	3.37	9.34
102	98	Exch. 10½pc Cv '86	99	−	10.59	11.09
104	100	Treas 12pc 1986	101	−	11.93	11.19
98	94	Treas 8½pc 1984-86	95	−	8.89	10.93
108	104	Exch 14pc 1986	105	−	13.30	11.39
87	85	Exch. 2½pc 1986	85	−	2.93	9.35
107	103	Exch. 13½pc 1987	105	−	12.78	11.54
100	96	Treas 10¼pc Cv '87	96	−	10.59	11.60
86	83	Exch 2½pc 1987	83	−	3.00	9.58
101	96	Exch. 10½pc 1987	97	−	10.78	11.56
92	83	Funding 6½pc '85-87	88	−	7.34	11.25
99	95	Treas. 10pc 1987	95	−	10.43	11.67
85	81	Treas 3pc 1987	81	−	3.66	9.95
105	100	Treas. 12pc 1987	100	−	11.39	11.62
94	89	Treas 7¾pc 1985-88	89	−	8.66	11.33
100	95	Exch 10½pc '88	96	−	10.90	11.68
98	92	Treas 9½pc Cv '88	93	−	10.41	11.79
82	77	Transport 3pc '78-88	77	−	3.89	9.21
96	91	Treas. 9½pc '88	92	−	10.39	11.90
106	98	Treas 11½pc 1989	98	−	11.66	11.96
92	45	Treas 9½pc Cv 89	91	−	10.37	11.81

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا أصل الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Not comparable.
Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

			Fin. 13% 97/02	£93¾	.....
Albany Inv 20p	78	.....	Alliance Gas	50	.....
Craig & Rose £1	750	.....	Arnott	222	+2
Finlay Pkg. 5p	43	.....	CPI Hldgs.	85	.....
Higsons Brew	83xd	.....	Carrol Inds.	120	.....
Holt (Jos) 25p	880	.....	Hall (R & H.)	58	.....
IoM Stm. £1	135	.....	Heiton Hldgs.	19	.....
			Irish Ropes	42	.....
IRISH			Jacob (W.& R.)	66	.....
Exch. 12% 1985	£99	.....	TMG	50	.....
Nat. 9¾% 84/89	£89	.....	Unidare	83	.....

OPTIONS — 3-month call rates

Industrials		Hawker Sidd	38	Vickers	14
Allied-Lyons	15	Hse of Fraser	26	Woolworth Hldg	50
BOC Grp	27	ICI	42		
BSR	26	'Imps'	12	**Property**	
Babcock	27	ICL	7½	Brit Land	11
Barclays Bank	45	Ladbroke	23	Cap Counties	16
Beecham	32	Legal & Gen	45	Land Secs.	25
Blue Circle	40	Lex Service	48	MEPC	25
Boots	16	Lloyds Bank	50	Peachey	17
Bowaters	25	'Lofs'	3	Samuel Props.	12
Brit Aerospace	20	Lucas Inds	38	Sterling Guar.	4
BAT	15	'Mams'	14		
Brown (J.)	3	Marks & Spcr	20	**Oils**	
Burton Ord	22	Midland Bk	36		
Cadburys	11	NEI	10	Brist. Oil & Min.	9
Comm Union	16	Nat West Bk	60	Brit Petroleum	35
Courtaulds	12	P & O Dfd	25	Burmah Oil	17
Debenhams	14	Plessey	20	Charterhall	9
Distillers	22	Racal Elect	18	Premier	6
Dunlop	5	RHM	8	Shell	55
FNFC	6¼	Rank Org Ord	24	Tricentrol	20
Gen Accident	42	Reed Intnl	40	Ultramar	60
Gen Electric	16	Sears	8		
Glaxo	70	TI	22	**Mines**	
Grand Met	30	Tesco	16		
GUS 'A'	55	Thorn EMI	55	Charter Cons.	24
Guardian	58	Trust Houses	18	Cons Gold	58
GKN	20	Turner Newall	10	Lonrho	12
Hanson Tst	17	Unilever	75	Rio T Zinc	60

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights". Page 37

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Insurances—continued

Capital Life Assurance

Key Inv Fd	—	131.09	....	—
PcmvrInvFd	—	132.31	....	—
Equity Fd	132.01	138.95	....	—
FxdIntFd	114.57	120.60	....	—
Propty Fd	109.15	114.89	....	—
Cash Fd	102.97	108.38	....	—
MangdFd	133.49	140.51	....	—

Col Mut Life (Pension Annuities)

ManCoA/B	117.14	123.22	....	—
ManInvA/B	118.65	124.90	....	—

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

F.T. CROSSWORD PUZZLE No. 5,436

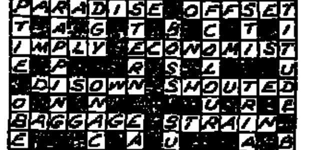
ACROSS

1 and 5 Delaying action if Metro is disturbed after not working (7,3,4)
9 "Behold, the tax!" (Must be sort of green) (5)
10 In French, develop in random way, entwined (9)
11 People between two hills making one to worry (9)
12 Special compound provides Terylene, partly (5)
13 To be sort of discriminator is to lose first (5)
15 Fire-bird—blame riot with violence for it (9)
18 Worker in ring necessity is not ambidextrous (3-6)
19 Having entrance confined after hours (5)
21 Separates rushes (5)
23 Use beak and nose to be a hypocrite (9)
25 Inseparable part of composition (9)
26 Pale a hen's knocked about (5)
27 Rushing stream from mountain fissure (7)
28 Philosophic doubt from top of cranium in contamination (7)

DOWN

1 Artist's equipment allowed in "The Crown" (7)
2 Versed at one in variety to broadcast? (9)
3 Top two removed from emblem for a valuable fibre (5)
4 Retires, often after having a rise (4,2,3)
5 Note flower, strong coming in for head (5)
6 Concerning means of subsistence round East, releasing (9)
7 Supply data? One's soft in the head (5)
8 Support last 'unter? (7)
14 English R.A. prints unusually come to light (9)
16 Ridiculous missing one, perhaps (9)
17 They won't face up to danger (9)
18 Remote settlement is away with the mail (7)
20 Star player rises, taking in hand, fixes limits (7)
22 Cautionary signal for a Doctor with hesitation (5)
23 Put-up job for factory (5)
24 Fish seen on ice (5)

Solution to Puzzle No. 5,435



INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Ass.—Cont.

Income Accum.	133 0	140 0	...	—
Do Initial	126.5	133.2	...	—
Universal Tec. Acc.	84.9	89 4	+0.1	—
Do Initial	83.4	87 8	+0 1	—
Man. Pens. Accum.	261 7	275 5	..	—
Do. Initial	211.4	222.5	..	—
Gilt Edg.Pens. Accum.	216 9	228 4	...	—
Do. Initial	168.5	177.4	...	—
Money Pens. Accum	198.1	208.6	...	—
Do. Initial	156.1	164.4	...	—

Black Horse Life Ass. Co. Ltd.
346A High St., Chatham 0634 405161

Black Horse Man. Fd.		246.76		—
Managed Inv. Fd.	165.46	174.17	...	—
Property Fd.	155 35	163.53	..	—
Fixed Interest Fd.	145.67	153.34	..	—
Cash Fd.	140.77	148.18	...	—
Income Fd	194.39	204.63	...	—
Extra Income Fd.	179 46	188 91	...	—
Worldwide Growth Fd.	212.96	224.20	...	—
Balanced Fd.	188.74	198.68	...	—
Smlr Co's & Recy. Fd	217 11	228.54	...	—
Int. Technology Fd	237.40	249.90	...	—
Nth. Amer & Gen. Fd.	144.81	152.44	...	—
Energy Int. Fd.	106.51	112.12	...	—
Pacific Basin Fund	148.21	156.02	...	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	117 9	124.1	...	—
Property	120.9	127.3	...	—
Equity	120.7	130.2	...	—
International	131.1	138.0	...	—
Fixed Interest	105.5	111.1	...	—
Deposit	102.8	108.3	...	—
Managed Pen. Cap.	116.1	122.2	...	—
Property Pens. Cap.	119.8	126.1	...	—
Equity Pens. Cap.	116.5	122.6	...	—
Intnl. Pens. Cap.	133.1	140.1	...	—
Fixed Int. Pens. Cap.	100.8	106.1	...	—
Deposit Pens. Cap.	98.7	104.0	...	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity 6th June 1		104.2	...	—
Retmt Fed June 6	274.6	—	...	—
Managed Pen Fund	180.6	194.3	...	—
Property Pen Fund	118.5	124 7	...	—
Index Lnkd Pen Fund	109.8	115.5	...	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G T Plan Bond Fund	125.7	132.4	...	—
GT Pln High Yld Fnd	130 3	137.2	...	—
GT Plan Far East Fnd	124.3	130.9	...	—
GT Plan N. Am Fd	116.1	122.3	...	—
GT Pln UK&G.E. Fnd	152.0	160.0	...	—
GT Pln Wrldwde Fnd.	146.3	154.0	...	—
GT Pension Bnd Fnd.	137.4	144 7	...	—
GT Pen High Yld Fd	150.7	158.7	...	—
GT Pen Far East Fd	154 4	162.6	...	—
GT Pen N. Am. Fd	172 5	181.6	...	—
Pen UK and General	177.5	186.9	...	—
GT Pen Worldwide Fd.	157.1	165.4	...	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	172.3	181.4	...	—

General Portfolio Life Ins. PLC
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		260.2	...	—
Portfolio Fd. Init.		209.2	...	—

Continued on adjacent Page

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	282.3	297.5	+5.6	—
Money Fd	159.9	168.3	+0.1	—
Equity Fd	239.5	252.4	+8.2	—
Fixed Int. Fd.	118.0	124.5	+2.1	—
Property Fd	178.2	187.8	...	—
Managed Pen. Fd.	272.1	286.7	...	—
Equity Pension Fd	171.2	180.4	...	—
Fixed Int. Pen. Fd	167.5	176.5	...	—
High Yield Pen. Fd	165.7	174.6	...	—
Money Pension Fd.	134 4	141.5	...	—
Property Pension Fd.	132.9	140.0	...	—
Gresham/Framlington				
American & Gen. Fd.	223 1	235.1	−0.7	—
Income Fd	213.7	225.3	+1.6	—
Int'l. Growth Fd	256.0	269.8	−0.3	—
Capital Fund	220.2	232.0	+0.3	—
Recovery Fund	161.5	170.2	+1.0	—
Japan & Gen Fd	94.3	99.4	−0.4	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	153.7	—	...	—
Landbank Secs.	70.4	74 6	...	2.10

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11 81	—	+0 04	—

Inv. Adv. M & G Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St., Douglas IoM 0624 25015

Wren Com Fund	16 7	17 4		—
Chinese Fund	60.1	62 6	.	—
Precious Metal Fund	137 8	143 3		—
Vanguard Cmdy Fd.	29 0	29 8		—
Financial Futures Fd	55 3	57 5		—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yield % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

June expiry depresses pigmeat speculation

By Our Commodities Staff

NEARBY FUTURES prices on the London pigmeat market fell sharply yesterday morning as the prompt June position approached expiry.

Speculative activity had pushed the price of the June position—the first to fall due for expiry since the market opened in March—to a substantial premium over the physical market level.

But by the time it went off the board at noon the price was 8.3p down from Wednesday's close at 116p a kilo, slightly below the physical price.

At the start of trading there was an open position of 245 lots of 50 carcases but most of these positions were closed out and only 16 lots were left for tendering at expiry.

Mr Chris Prior-Willeard, the market secretary, said he was delighted with the way things had gone. The orderly expiry of June with a relatively small number of lots left for tendering should encourage increased confidence in the market and a higher level of activity, he said.

So far, daily turnover, at 200 to 300 lots a day, has been somewhat disappointing.

Mr Prior-Willeard described yesterday's market as "exciting," with more than 80 June lots traded in the last few seconds. Some people had feared that buyers might stay in the market.

He had no doubts that deliveries against the June position, due over the next two weeks, would go off without hitches.

"We've made sure that futures market delivery procedures are the same as in the physical market," he explained.

He said he wouldn't have wanted June to expire with no contracts outstanding as he was anxious for the efficiency of the market's delivery procedures to be demonstrated.

Rise in coffee output likely

BY RICHARD MOONEY

THE U.S. Department of Agriculture expects world coffee output to rise next season although it forecasts production cuts for the two biggest producers.

In its latest world production and trade developments report, the USDA predicts Brazil's 1984-85 coffee production at 27m bags (60 kilos each), down 10 per cent from 1983-84, and Colombia's down slightly at 12.8m bags.

Overall, the department puts South American production at 44.03m bags, compared with 47.18m in 1983-84.

But it expects the world crop total to be up 2 per cent from 1983-84 at around 92.5m bags, thanks to crop increase in Africa, Asia, Oceania and North and Central America and the Caribbean.

Rains immediately after flowering caused significant losses and irregular growth of coffee cherries in Brazil, the report says. In Colombia production was hit by outbreaks of coffee rust disease.

In North and Central America and Caribbean region, 1984-85 production is forecast to rise 9 per cent to 16.68m bags, with increases expected for all major producers except Haiti.

Africa's production is projected at 21.23m bags, up 13 per cent, mainly reflecting an expected rise in Ivory Coast output from 3m to about 5m bags.

Asian output is expected to rise by nearly 20 per cent to just over 9.5m bags. A record 2.7m bag crop is forecast for India, as successful blossoming and timely showers this spring, coupled with the biennial bearing tendency, contributes to the optimistic outlook.

Coffee production in Indonesia is forecast at 5.3m bags, 503,000 above the 1983-84 level, but 535,000 bags short of the record set in 1982-83, the USDA says.

The USDA forecast had no apparent impact on the London futures market where prices moved sharply higher in late trading.

Renewed commission house buying pushed the September position up £74 to £2,270.50 a tonne as traders came to the conclusion that this week's decision by the International Coffee Organisation to release extra export quota stamps would have little effect on the tight nearby supply situation.

ICO regulation upheld

ATHENS—Greece's top constitutional body, the Council of State, said state-owned coffee importer, Promet Epe is obliged to respect a European Community regulation requiring it to buy almost all imports within the International Coffee Organisation.

The council statement came in a verdict that also rejected an appeal by 14 private coffee importers for the suspension of Commerce Ministry directives which transfer to the Minister himself responsibility for checking that EEC coffee rules are being kept.

The Commerce Ministry this year froze coffee imports by the private sector and entrusted the business to Promet after alleging private houses were profiteering.

The Conservative opposition has alleged in Parliament that virtually all Promet's purchases have been without ICO certificates, despite the fact that under Greek and EEC law, Greece must meet all but 1,611 bags of its 400,000 bags a year coffee needs within the ICO.
Reuter.

Cocoa still the most active soft market

COCOA REMAINED the most actively traded soft (non-metal) commodity on the London market last month.

In terms of lots traded its 117,383 score was just pipped by coffee's 119,519, but cocoa trades in 10 tonne lots against 5 tonnes for coffee.

Total May trading in "softs" was 362,403 lots, up from 265,044 lots in May 1983.

Speculative selling pushed cocoa futures prices lower yesterday with the September position ending £32 down at £1,944.50 a tonne.

● WORLD SUGAR production for 1984-85 is estimated at 99.8m tonnes, up 5 per cent from the current season, according to the U.S. Department of Agriculture.

● DEMAND was low at the Bangladesh tea auctions, due to poor supplies following flooding in the Sylhet area last month.

● PENINSULAR Malaysian crude palm oil output rose to 248,882 tonnes in April, up from 205,788 tonnes in March and 216,484 tonnes the previous April.

● THE NATURE Conservancy Council has welcomed the Forestry Commission's consultation paper "Broadleaves in Britain." But Friends of the Earth says the commission's proposals fall far short of guaranteeing the future of ancient, semi-natural woodland.

Bypass opens early

THE A12 Copdock-Washbrook bypass south-west of Ipswich will open to traffic in a few weeks—almost a year ahead of schedule.

The eastern section of the Ipswich bypass was opened earlier this week, and it was another stage in the £100m programme for a 15-mile bypass to the west, south and east of the town. The road scheme is being supported by sums from the European Community.

Impossible economics but a lovely view

Farmer's viewpoint: By John Cherrington

THE VIEW from the Argyllshire farm was marvellous in the hazy sunshine.

Behind me, the heather-covered coastal hills and before me, in the hazy sunshine, a calm sea with the rounded hills of the inner Hebrides just visible. Below, the green well-fertilised inbye fields laid up for silage or grazed by sheep and cattle.

The drought, which has been particularly serious in Western Wales and Scotland, seemed not to have afflicted this farm.

This has been due to a deliberate policy of conservative stocking, particularly with sheep, keeping numbers down and so running no risks of shortage, even in an area where drought occurs seldom. Too much moisture is usually the problem.

Like most Scottish hill farms, this one is divided into hill grazing, little altered over the centuries, and improvable lowland. The hill is the basis of the farm's economy, carrying a flock of blackface sheep which produces its own replacements with a surplus for sale.

The stocking rate of a ewe to three acres is low by the Welsh standards, but seems to be traditional in Scotland. It is hard to persuade farmers and shepherds to alter it.

However, like most hill farmers with improvable hill land, this one has had to take steps to improve grazing. Areas are being drained and reseeded where the soil is suitable, and although sheep numbers are being kept traditionally low, more cows, each suckling a single calf, are being kept.

Cattle on the hills have the advantage of treading down some of the bracken and eating out the rougher grasses, balancing the more selective grazing of the sheep.

But the problem with cattle is that to produce as this farmer does, the top calves to sell in the eastern sales for further fattening, both the cows and their calves have to be fed silage, and often some compound feed through the long winter.

This is a costly job, almost as expensive as maintaining a dairy herd, but with a much lower gross income.

The calves I saw were excellent, most by the continental breeds which have almost completely taking over the siring of Scottish beef cattle. They make top prices at the sales, but in spite of these and the subsidies, the national suckler herd diminishes every year. Farmers are realising that the satisfaction of having first-class cattle does not always pay the rent, particularly on land which has an alternative use.

Hill land has an alternative—forestry. Its capital value, in spite of the impossible economics of tree growing, is probably higher than for grazing. To justify not selling the hill for trees, it has to be improved, and this brings complications.

The traditional stocking rate of a ewe to three acres had been arrived at by a process of what could be called inertia. At these levels, sheep flocks would maintain themselves without many disease and management problems. Once numbers are increased, shepherds have to be trained to treat them intensively. Instead of plodding round the hills on foot, they are mechanised with motor-bikes or four-wheel drives. It all costs money.

Tractors have to be bought to reseed and fertilise and make silage. And this costs as much on a poor hill as on the best land in East Anglia.

My host's lands used to be sold for further fattening. Now he has made a nasty discovery. Because of the change in the EEC sheep regime, his lambs will all fatten during the lowest guaranteed price period. This does not end until November by which time his autumn feed will have gone.

There is nothing he can do in the short term but soldier on. Like most other farmers, he is caught up in the rat race of progress, and cannot get off. But he can at least enjoy a marvellous view.

More Jamaican bauxite mined

By Canute James in Kingston

THE JAMAICAN bauxite industry recorded a 74.3 per cent increase in mining between January and March over the corresponding period of last year.

Mining yielded 2.5m tonnes of ore, which has led the Jamaican Bauxite Institute, a state agency which monitors the industry, to forecast total output of just under 9m tonnes for this year.

The performance during the three-month period was aided by ore shipments to the strategic mineral stockpile.

The continued improvement in Jamaican bauxite is threatened, however, by the closure of the island's largest refinery.

'Mafia in tomato swindle'

THE MAFIA may be involved in a tinned tomato swindle which could have cost the Common Market £60m, a Euro-MP said yesterday.

EEC officials have told Mr Tom Megahy, Labour MEP for Yorkshire South West, that they fear organised crime is behind a major fraud in which community grants are claimed for canning fictitious tomatoes.

Three EEC Commission officials are flying to Rome next week to try to uncover the details.

They believe the money was simply claimed from a special Common Market fund to finance the tinning of tomatoes.

Mr Megahy said yesterday: "Italian companies requested grants for processing nearly 4.2m tonnes of tomatoes last year—one million tonnes more than in either of the two preceding years. That amounts to almost the entire Italian tomato harvest.

"Officials I have spoken to in Brussels say they suspect that the Mafia or a similar group is involved in an organised racket.

"It appears that they have muscled in on the canning companies and are claiming grants for tinning non-existent tomatoes."

But an EEC Commission official refused to speculate about the possibility of fraud, although extra grants from Brussels last year for tomatoes totalled about £60m.

India imports beet sugar

NEW DELHI—India has bought 70,000 tonnes of beet sugar in the London market to enable it to fulfil its 500,000 tonne International Sugar Organisation white sugar export quota, said state trading chairman Mr P. C. Luther.

He said it was the first Indian import of sugar for three years and was decided on because the country may want to export more sugar in future and therefore wishes to preserve its foreign markets.

Mr Luther said India has exported so far in the current year 300,000 tonnes of white sugar from domestic stocks, which he estimated at around 4m tonnes.
Reuter.

PRICE CHANGES

In tonnes unless stated otherwise	June 7 1984	+ or —	Month ago
Metals			
Aluminium	£1100	......	£1100
Free Mkt	$1570/1400	......	$1550/560
Copper			
Cash h Grade	£1016.5	+9.75	£1012.5
3 mths	£1036.75	+11	£1029.5
Cash Cathode	£1018.5	+11	£1012.5
3 mths	£1033.5	+12.25	£1023.25
Gold troy oz	$392	......	$373.75
Lead Cash	£334.25	+8.25	£307.5
3 mths	£338.25	+8.5	£313.75
Nickel	£5097	......	£4988
Free Mkt	215/235c	......	215/235c
Palladium oz	$154.25	+1	$152.00
Platinum oz	$394.00	—0.5	$384.25
Quicksilver†	$295/305	......	$300/310
Silver troy oz	658.45p	—7.65	653.55p
3 mths	673.05p	—8.15	657.50p
Tin cash	£9085	+2.5	£9040
3 months	£9022.5	—3	£9032.5
Tungsten	$84.14	......	$83.51
Wolfram22.04lb	$85/89	......	$85/89
Zinc	£772.5	—6.5	£695.5
3mths	£679.5	+6.25	£575.5
Producers	$1060/1090	......	$1050/1090
Oils			
Coconut (Phil)	$1400x	+30	$1280
Groundnut	‡		‡
Linseed Crude	‡		‡
Palm Malayan	$865v		$880
Seeds			
Copra Phil	$840y	+10	$770
Soyabean (U.S.)	$329.5	+2.1	$336.7
Grains			
Barley Fut.Sep.	£107.45	—0.05	£106.35
Maize	£151.50		£147.00
Wheat Fut.Sep.	£107.90	—0.35	£126.80
No2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£2010	—37	£2030
Futures Sep	£1944.5	—32	£1964.5
Coffee Ft. Sep	£2270.5	+74	£2216
Cotton A Index	85.15c	—0.2	89.35c
Gas Oil July	$246.75	—1.75	$242
Rubber (kilo)	64p	—0.5	73.5p
Sugar (raw)	$112.5x	+4.5	£106
Woolt'ps 64s	476p kilo		473pkil

‡ Unquoted. v July. y July-Aug. x June-July. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

Gas oil prices opened about a dollar lower as physicals continued under pressure and weakened further to reach the lows around the New York opening. Late, profit-taking lifted prices a touch and the market traded in a narrow range until the close, reports Premier Man.

PRODUCTS—North West Europe ($ per tonne)

Premium gasoline	276-281	—2.5
Gas Oil	242-247	—2.5
Heavy fuel oil	160-163	—1

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
June	246.75	—2.00	247.75-46.25
July	246.75	—1.75	247.75-45.00
Aug	248.75	—1.75	249.50-48.00
Sept	251.00	—1.50	251.60-50.50
Oct	253.00	—1.50	253.90-52.50
Nov	254.50	—2.50	255.00-54.50
Dec	256.50	—1.50	257.00-56.50
Jan	256.50	—2.00	—
Feb	257.00	—1.00	—

Turnover: 1,995 (2,308) lots of 100 tonnes.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.30-28.40	—0.5
Dubai Fateh	28.10-28.20	—0.02
Arab Heavy	27.15-27.25	+0.03
North Sea (Forties)	29.40-29.60	—0.12
North Sea (Brent)	29.60-29.65	—0.15
African(BonnyLt)	29.60-29.65	—0.15

GOLD MARKETS

Gold closed unchanged at $391-392¼ on the London bullion market. It opened at $392-392½, and was fixed at $392 in the morning, and $392.20 in the afternoon. The metal touched a peak of $392¼-393 and a low of $391-391½.

In Frankfurt the 12½ kilo bar was fixed at DM 33,935 per kilo ($393.0 per ounce) against DM 34,040 ($394.54) and closed at $392-392½ from $391¾-392.

In Paris the 12½ kilo bar was fixed at FFr 104,200 per kilo ($392.13 per ounce) in the afternoon compared with FFr 104,200 ($392.54) in the morning and FFr 104,200 ($392.48) on Wednesday afternoon.

In Zurich gold closed at $392-392½ from $391¾-392.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
June	393.00-93.50		
Aug	396.70-97.00	+0.40	399.00-97.40
Oct	405.00-06.00	+0.50	406.00-05.00
Dec	414.00-16.00	+0.50	—
Feb	423.00-25.00		—
April	432.00-34.00		—

Turnover: 274 (247) lots of 100 troy ounces.

	June 7	June 6
Gold Bullion (fine ounce)		
Close	$391¾-392¼ (£280¼-280½)	$391¾-392¼ (£279½-280)
Opening	$392-392½ (£280-280½)	$391¾-392¼ (£280¼-282½)
Morning fixing	$392 (£280.340)	$393.40 (£281.805)
Afternoon fixing	$392.20 (£280.148)	$391.55 (£280.855)
Gold and Platinum Coins June 7		
Krugrnd	$403½-404¼ (£288½-289¼)	King Sov $93-94½ (£66½-67½)
½ Krug	$208½-209 (£149-149½)	Victoria Sov $93-94½ (£66½-67½)
¼ Krug	$106½-107 (£76-76½)	French 20s $74½-76 (£53-54½)
1/10 Krug	$43½-44½ (£31-31½)	50 Pesos Mex $486-487 (£347-348)
Mapleleaf	$403¼-404½ (£288½-289½)	100 Cor.Aust $384-387 (£274½-276½)
New Sov.	$92-92¾ (£66-66½)	$20 Eagles $550-560 (£393-400)
½ New Sov.	$55-56 (£39¼-40)	Noble (Plat.) $405¾-409½ (£290-293)

EUROPEAN MARKETS

ROTTERDAM, June 7.

Wheat—(U.S.$ per tonne): U.S. Two Soft Red Winter June 20/July 20 150, Aug 153.50, Sept 156, Oct 160. U.S. Two Northern Spring 14 per cent protein June 181, July 180, Aug 177, Sept 178, Oct 178, Nov 180. U.S. Three Hard Amber Durum June 186, July 189, Aug 188, Sept 182, Oct 184.25, Nov 186. Canadian One Western Amber Durum June 199, Jun/mid-July 198, July 197.50, Nov 202.

Maize—(U.S.$ per tonne): U.S. Three Yellow afloat 160.50, June 158.50, July 159, Aug 160, Sept 155, Oct/Dec 139, Jan/March 145 sellers. Argentine Plate afloat 168, June 167, mid-June/mid-July 167, July 166 sellers.

Soyabeans—(U.S.$ per tonne): U.S. Two Yellow Gulfports June 323.50, July 324.20, Aug 327.40, Sept 312.50, Oct 286.30, Nov 286, Dec 288.60, Jan 292.30, Feb 295.70, March 300 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent afloat 206, June 210, June/Sept 214, Oct 213, Nov/March 214 sellers. Pellets Brazil afloat 207, June 206, July 207.50, Aug 213.50, Sept 216, Oct/Dec 227.50 sellers. Pellets Argentine afloat 203, June 200, July 202, Oct 209 sellers.

PARIS, June 7.

Sugar—(FFr per tonne): Aug 1431/1432, Oct 1465/1470, Dec 1555/1565, March 1690/1705, May 1755/1770, Aug 1815/1850.

Cocoa—(FFr per 100 kg): Sept 2333/2338, Dec 2122/2130, March 2060/2088, May 2060 bid, July 2080 bid, Sept 2080 bid.

BRITISH COMMODITY PRICES

BASE METALS

BASE METAL PRICES gained ground on the London Metal Exchange, reflecting currency considerations. Copper touched £1,039 but encountered trade selling which lowered the price to £1,034 at the close, while chartist and trade buying boosted Lead to £340.5. Zinc was finally £678.5, Aluminium £961.5 and Nickel £3,512.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1013-4	+8.75	1015-6	+8.75
3 months	1033.5-4	+7	1036.5-7	+11
Settlem't	1014	+7	—	......
Cathodes				
Cash	1016.5-7	+8.25	1018-9	+11
3 months	1030-.5	+8	1033-4	+12½
Settlem't	1017	+8	—	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,013, three months £1,034.50, 35, 35.50, 35, 34.50, 34, 33.50. Cathodes: Cash £1,017, three months £1,031, 30.50. Kerb: Higher Grade, three months £1,034, 33.50, 34, 34.50. Afternoon: Higher Grade, three months £1,037, 36.50. Cathodes: Cash £1,019, three months £1,034. Kerb: Higher Grade, three months £1,036.50, 36, 35.50, 35, 34.50, 34. Turnover: 29,900 tonnes. U.S. Producers: 69-72 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9100-6	......	9100-5	+2.5
3 months	9045-50	—11.5	9060-5	......
Settlem't	9105	......	—	......
Standard				
Cash	9080-4	—5.5	9080-90	+2.5
3 months	9015-6	—18.5	9020-5	—3
Settlem't	9084	—6	—	......
Straits E	$29.17	......	—	......

Tin—Morning: Standard, cash £9,085, 84, three months £9,020, 16, 15, 16. High Grade: Cash £9,110, 05, 9,100. Kerb: Standard, three months £9,015. Afternoon: Standard, three months £9,020, 21, 25. High Grade: Cash £9,100, three months £9,060, 65. Kerb: Standard, three months £9,020, 18. High Grade: Three months £9,060. Turnover: 4,255 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	333-.5	+7.65	334-.5	+8.25
3 months	337.5-8	+9	338-.5	+8.5
Settlem't	333.5	+7.75	—	......

Lead—Morning: Cash £332, 32.50, 33, three months £337, 38, 38.50, 39, 38.50, 38, 37.50, 38, 36.50, 37, 38. Kerb: Three months £337.50, 38. Afternoon: Three months £339, 38, 37.50, 38, 38.50. Kerb: Three months £339, 40, 39.50, 40. Turnover: 22,900 tonnes. U.S. Spot: 26-28 cents per pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	761-2	+5.5	770-5	+6.5
3 months	682-3	+9	678-80	+6.25
Settlem't	762	+5	—	......

Zinc—Morning: Cash £779, 81, three months £677. Kerb: Three months £676, 77, 78. Afternoon: Three months £677, 76, 76, 77, 77.50, 78. Kerb: Three months £676, 76.50, 78, 79, 80, 81, 80, 79. Turnover: 23,900 tonnes. U.S. Prime Western: 52.75-53.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	953.5-4	+8.5	948.5-9.5	+5.5
3 months	964-.5	+9.75	961.5-2.5	+6.5

Aluminium—Morning: Cash £953.50, three months £966, 67, 66.50, 67, 65, 66, 65, 64.50, 64. Kerb: Three months £964, 63.50, 63, 64. Afternoon: Three months £961.50, 62, 62.50, 62. Kerb: Three months £961, 62, 63, 64, 63, 62. Turnover: 25,300 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3486-90	—14.5	3495-80	+5.5
3 months	3509-10	—13	3507-10	—0.5

Nickel—Morning: Three months £3,508, 10. Afternoon: Three months £3,510, 05. Kerb: Three months £3,515. Turnover: 2,682 tonnes.

SILVER

Silver was fixed 7.65p an ounce lower for spot delivery in the London bullion market yesterday at 658.45p. U.S. equivalents of the fixing levels were: spot $9.225, down 7.7c; three-month $9.477, down 8.2c; six-month $9.762, down 8.5c; and 12-month $10.405, down 6c. The metal opened at 661-664p ($9.25-$9.28) and closed at 661p-664p ($9.24-$9.27).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	658.45p	—7.65	660.5p	
3 months	673.05p	—8.15	677.25p	+1
6 months	688.70p	—8.80	—	......
12months	724.00p	—7.10	—	......

LME—Silver (2,000 oz contract): Cash 660.5p (same); three months 677.25p (678.25p). Turnover: 0 (0).

Turnover: 336 (171) lots of 10,000 oz. Morning: Large three months 676.0, 76.5, 75.0, 74.5, 74.2, 74.5, 75.0, 75.5. Kerb: Untraded. Afternoon: Large three months 677.5. Kerb: Large three months 677.5, 77.

COCOA

Following a steady opening, futures encountered aggressive selling and traded nervously throughout an active day to close £30 lower on the nears and about unchanged on new crop positions, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1982-85	—24.0	20.0-83
Sept	1944-45	—32.0	1990-36
Dec	1802-04	—6.0	1820-80
March	1760-62	—2.5	1778-41
May	1770-72	+1.5	1776-54
July	1775-77	—	1777
Sept	1784-89	+0.5	—

Turnover: 6,522 lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound): daily price for June 7 117.08 (118.23): 5-day average for June 8 118.92 (120.02).

COFFEE

Nearby positions opened slightly lower while distant positions were well up. Having discounted ICO measures to improve prompt supplies the market rose on chartist support and a higher New York opening. Following some scale-up profit-taking the market surged towards the close on mixed trade and speculative buying.

COFFEE	Yesterd'ys Close	+ or —	Business Done
July	2240-41	+59.0	2240-81
Sept	2270-71	+74.0	2270-00
Nov	2305-08	+79.5	2305-20
January	2281-88	+95.5	2288-65
March	2215-20	+115.0	2210-05
May	2180-85	+120.0	2168-75

Sales: 6,777 (4,885) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for June 6: Comp daily 1979 146.12 (146.11): 15-day average 150.24 (150.40).

GRAINS

Old crop values declined through the day to close at the day's low. New crops were very quiet with hedge selling, particularly in wheat, easing values slightly, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterd'ys close	+ or —
July	103.60	—0.40	—	—
Sept	107.90	—0.20	107.45	—0.05
Nov	110.90	—0.20	110.50	—0.15
Jan	113.90	—0.20	113.50	—0.10
Mar	116.90	—0.40	116.30	—0.15
May	119.65	—0.50	118.75	—0.05

Business done—Wheat: July 133.00-130.60, Sept 108.20-107.90, Nov 111.20-111.00, Jan 114.20-113.90, March 117.20-116.90, May 119.90-109.55. Sales: 193 lots of 100 tonnes. Barley: Sept 107.50-107.45, Nov 110.65-110.50, Jan 113.50 only, March 116.30 only, May 118.75 only. Sales: 64 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: S East 120.60, W Mids 121.00, N West 122.20. The UK monetary coefficient for the week beginning Monday June 11 is expected to change to 0.967.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent July 139.50, Aug 137.75, Sept 135.75 sellers trans shipment East Coast. English feed fob June 151.50 seller East Coast. Barley: English feed fob second half Aug 108.50, Sept 110 sellers Scotland. Sorghum: U.S./Argentine/French mid-May/mid-June 138 quoted cif free out. Maize: U.S. No 3 Yellow/French June 151.50 seller East Coast.

PIGMEAT

The market opened nervously ahead of the close of the June contract; liquidation pressure built up during the morning, and the June price fell very sharply in the final stages. This brought out sympathetic selling in August, and the whole market finished lower after an active session, reports COLT Commodities.

Month	Yesterday's close	Previous close	Business Done
	p. per kilo (deadweight)		
June	116.0	124.3	125.5-116.8
Aug	116.4	118.4	113.5-115.5
Oct	118.3	120.0	120.0-118.3
Nov	119.9	121.4	121.8-119.7
Feb	117.8	117.8	117.8
April	117.3	117.5	117.5

Sales: 402 (271) lots of 50 carcases, 3,250 kilos.

POTATOES

The market again opened lower and traded £1 down before buying interest in a quiet session lifted prices, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov	71.60	69.00	72.00-69.00
Feb	81.00	77.00	81.00
April	91.40	89.60	91.75-88.50
May	97.60	96.00	98.00-97.30
Nov	80.00	80.00	—

Sales: 368 (260) lots of 40 tonnes.

RUBBER

PHYSICALS—The London market opened steadier, attracted few enquiries throughout the day and closed on a very quiet note, reports Lewis and Peat. Closing prices (buyers): spot 64.00p (64.50p); July 69.50p (70.00p); Aug 70.25p (70.75p). The Kuala Lumpur June fob price for RSS No 1 was 205.0 (205.5) cents a kg and for SMR 20 was 205.0 (205.0).

FUTURES—Close (buyer, seller, business). RSS No 1. July 640, 660, nil; Aug 650, 665, nil; Sept 660, 675, nil; Oct 660, 685, nil; Nov 680, 695, nil; Dec 700, 715, nil; Jan 714, 730, nil; Feb 724, 725, 725; March 730, 734, nil; July/Sept 1984 650, 660, nil; Oct/Dec 1984 692, 698, 700-692; Jan/March 1985 724, 726, 723. Sales: 6 (14) lots of 5 tonnes, 10 (40) lots of 15 tonnes.

SOYABEAN MEAL

The market opened little changed in quiet conditions, reports T. G. Roddick. During the afternoon both shipper and commercials seemed keen to sell, but met with limited success.

	Yesterday's close	+ or —	Business Done
	£ per tonne		
June	146.00-48.00	—1.00	—
August	148.00-49.00	—1.50	148.50-46.70
October	150.00-50.50	—2.00	150.20-50.00
December	153.80-53.50	—1.50	—
February	155.00-55.00	—1.50	—
April	155.00-56.00	—1.50	—
June	155.00-56.00	—1.00	—

Sales: 101 (31) lots of 100 tonnes; 0 (0) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £112.50 ($157.50), up £4.50 (up $7.00), a tonne for June/July delivery. White sugar $174.00, up $2.00.

Rumours that India might have purchased from various trade houses a total of 30 cargoes lifted October to $174, its highest level for a month. However, a lot of duplication seemed apparent and with nothing official from Delhi profit-taking pared the gains by $5.00, reports C. Czarnikow.

No. 6 Con-tract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug	162.40-62.60	160.00-60.20	163.50-59.80
Oct	171.80-71.80	168.60-68.80	174.00-69.40
Dec	178.20-78.60	174.80-75.00	180.00-75.80
March	195.20-95.40	191.60-91.80	195.80-92.00
May	203.80-04.00	200.60-01.00	204.00-01.00
Aug	211.20-11.60	208.00-08.60	212.00-09.00
Oct	218.60-19.80	216.00-17.00	219.00-17.60

Sales: No 6 4,543 (2,976) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £221.00 (£216.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for June 6: Daily price 5.79 (5.69); 15-day average 5.66 (5.65).

COTTON

LIVERPOOL—No spot or shipment sales were recorded. Ordering was restricted and the offtake was confined to small quantities. Slow trading persisted in certain specialist growths.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business): New Zealand cents per kg. Aug 447, 451, 447-446; Oct 441, 444, 443-442; Dec 441, 444, 443-441; Jan 441, 444, untraded; March 452, 453, 454-452; May 461, 462, 463-461; Aug 475, 476, 477-476; Oct 476, 477, nil. Sales: 79.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 581.0, 583.0, 582.0-580.0; Oct 567.0, 568.0, 568.0; Dec 574.0, 575.0, 574.0; March 584.5, 585.5, untraded; May 591.0, 595.0, untraded; July 599.0, 602.0, untraded; Oct 590.0, 595.0, untraded; Dec 594.0, 600.0, untraded. Sales: 20.

INDICES

FINANCIAL TIMES

June 6	June 5	M'th ago	Year ago
307.49	307.96	310.68	267.96

(Base: July 1 1952=100)

REUTERS

June 7	June 6	M'th ago	Year ago
1958.1	1958.9	1990.0	1628.6

(Base: September 18 1931=100)

MOODY'S

June 6	June 5	M'th ago	Year ago
1074.3	1075.2	1068.6	1058.1

(Base: December 31 1974=100)

DOW JONES

Dow Jones	June 6	June 5	Month ago	Year ago
Spot	140.63	140.99	138.58	144.53
Fu's	140.51	140.63	138.31	149.75

(Base: December 31 1974=100)

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 106.65p per kg lw (+0.23). GB—Sheep 153.98p per kg est dcw (+0.38). GB—Pigs 69.48p per kg lw (+0.23).

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 80.0 to 88.0. Veal—Dutch hinds and ends 122.0 to 126.0. Lamb—English small 70.0 to 75.0, medium 68.0 to 72.0, heavy 66.0 to 68.0. Imported: New Zealand PL (new season) 67.5 to 68.5. Pork—English under 100 lb 53.5 to 60.5, 100-120 lb 56.0 to 58.8, 120-160 lb 48.0 to 56.0.

COVENT GARDEN—Prices for bulk packages in sterling per package, unless otherwise stated. English produce: Apples—Per pound Bramley 0.20-0.26, Ida Red 0.12-0.18, Winston 0.20-0.22. Pears—Per pound Conference 0.14-0.25. Strawberries—½ lb 0.22-0.25, 1 lb 0.40-0.45. Potatoes—Whites 7.20-7.80, Edwards 7.60-8.00, Bakers 9.00-9.50; per pound Isle of Wight 0.16-0.17, Cornish 0.15-0.18. Mushrooms—Per pound open 0.55-0.70, closed 0.75-0.90. Lettuce—Per tray round 0.80-1.10, Cos dozen 2.00-2.20, Webb's 2.00-2.40, Iceberg 12's 8.00, 16's 7.00. Beetroot—28 lb round 2.80-3.00. Carrots—28 lb 2.80-3.20. Greens—Kent 30 lb 1.50-1.80, Hispi 20 lb 2.40-2.50, crates Primo 2.00-3.20. Leeks—Per pound 0.16-0.18. Tomatoes—Tray 12 lb 2.60-2.80. Cucumbers—Tray 1.60-2.40. Cauliflowers—Dozen Kent 3.40-3.80. Spring onions—Bunch 0.09-0.10. Rhubarb—Outdoor per pound 0.08-0.10. Radishes—Bunched 0.12-0.14. Asparagus—Per pound 1.00-1.80. Celery—5.00-6.00. Watercress—20's 2.60-2.80. Crisps 16's 1.00-1.10. Courgettes—Isle of Wight per pound 0.45-0.50.

AMERICAN MARKETS

NEW YORK, June 7.

HEATING OIL prices continued to weaken on heavy local and technical selling as the market lacked fresh fundamentals, reports Heinold Commodities. Sugar prices declined on trade selling and long liquidation as the market would not penetrate important resistance levels despite India's unexpected buying tender. Copper prices finished lower on sympathetic selling with the precious metals: arbitrage selling late in the day was responsible for the sharp decline. Aluminium prices were lower on technical selling, arbitrage and commission house liquidation. Precious metals came under pressure as weaker currencies encouraged long liquidation and dealer selling. Coffee prices surged on increasing concern that cold temperatures might enter Brazilian producing areas and threaten the trees. Cocoa prices declined moderately on lower prices in London which attracted arbitrage participation and on profit-taking by longs. Maize was steady to firm, led by the strong July as cash markets began to tighten. Wheat managed to close fractionally higher despite some apparent hedging pressure. Soyabeans fell apart, declining almost limit-down in the nearby month as local traders pressed the market.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
June	61.80	—	—	62.20
July	62.30	62.70	62.30	62.70
Aug	62.80	—	—	63.20
Sept	63.35	63.80	63.45	63.65
Dec	64.60	65.40	65.00	65.10
Jan	65.35	—	—	65.65
March	66.40	—	—	66.70
May	67.45	—	—	67.75
July	68.50	—	—	68.80
Sept	69.55	—	—	69.85

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
July	2470	2488	2447	2493
Sept	2515	2530	2488	2533
Dec	2416	2420	2388	2420
March	2370	2380	2360	2369
May	2400	—	—	2380

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
July	148.79	49.30	44.90	44.77
Sept	148.41	48.78	44.65	44.78
Dec	148.37	48.95	44.65	44.95
March	146.78	47.60	43.65	43.60
May	145.38	46.28	42.75	42.28
July	144.38	41.50	41.50	41.13
Sept	143.32	43.00	41.25	40.13

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
June	63.00	63.50	63.50	63.50
July	63.45	64.40	63.35	64.00
Aug	64.15	—	—	64.70
Sept	64.85	65.80	64.75	65.40
Dec	66.95	67.85	66.80	67.50
Jan	67.65	—	—	68.25
March	69.05	69.85	69.05	69.60
May	70.45	—	—	71.00
July	71.80	72.55	72.55	72.35
Sept	73.20	73.80	73.80	73.75

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	82.95	83.54	82.90	83.10
Oct	78.42	78.60	78.25	78.25
Dec	75.22	75.88	75.10	74.95
March	76.45	76.70	76.35	76.05
May	77.10	77.45	77.45	76.90
July	77.50	—	—	77.10
Oct	75.40	75.40	75.40	75.40

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Close	High	Low	Prev
July	30.43	30.48	30.38	30.55
August	30.47	30.55	30.44	30.62
Sept	30.51	30.60	30.50	30.70
Oct	30.50	30.58	30.50	30.71
Nov	30.52	30.59	30.52	30.70
Dec	30.52	30.59	30.52	30.70
Jan	30.48	30.53	30.45	30.57
Feb	30.47	30.51	30.47	30.51
March	30.45	30.45	30.45	30.51

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
June	390.2	392.8	390.0	392.7
July	393.2	—	—	395.6
Aug	396.4	399.2	396.0	398.9
Oct	404.3	406.7	403.8	406.7
Dec	413.0	415.7	412.0	415.3
Feb	421.7	424.0	421.0	423.9
April	430.4	432.7	429.0	432.6
June	438.9	441.5	440.4	442.1
Aug	448.7	448.5	448.5	451.9
Oct	459.3	—	—	462.0
Dec	470.2	471.5	471.5	472.3
Feb	480.6	481.0	480.0	482.7
April	491.3	—	—	493.2

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
July	79.25	80.10	79.15	80.43
August	80.55	81.50	80.55	81.67
Sept	81.90	82.80	81.70	83.01
Oct	83.00	83.80	82.95	84.10
Nov	84.30	84.90	84.25	85.00
Dec	85.10	85.80	85.10	85.90
Jan	86.00	86.00	86.00	86.90
Feb	85.50	85.50	85.50	85.60
March	83.70	—	—	83.40
April	81.50	81.50	81.50	81.60

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	180.25	81.40	79.00	80.95
Sept	178.25	79.25	77.40	78.50
Nov	176.25	77.25	76.05	76.80
Jan	176.25	77.10	76.10	76.65
March	176.00	76.25	76.25	75.85
Sept	175.60	—	—	75.10
Nov	175.40	—	—	75.00

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
June	389.6	—	—	394.1
July	393.1	397.5	392.5	397.8
Oct	404.0	409.5	403.2	408.3
Jan	413.3	418.0	415.0	417.3
April	422.5	428.5	424.0	426.3
July	432.0	—	—	435.8

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
June	918.0	928.0	925.0	927.3
July	925.0	934.5	921.9	933.5
Aug	934.3	—	—	942.9
Sept	943.8	953.0	941.0	952.5
Dec	973.2	983.0	972.0	982.0
Jan	983.4	—	—	992.3
March	1004.2	1013.0	1007.0	1013.2
July	1048.9	1056.0	1045.0	1057.8
Sept	1073.2	1082.0	1080.0	1082.2

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	5.87	6.04	5.85	5.98
Sept	6.17	6.30	6.15	6.29
Oct	6.43	6.60	6.40	6.55
Jan	6.98	7.11	7.00	7.10
March	7.55	7.70	7.55	7.65
May	7.84	7.99	7.83	7.91
July	8.06	8.23	8.06	8.14
Sept	8.34	8.52	8.41	8.41
Oct	8.58	8.75	8.70	8.67

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	64.02	64.10	63.72	63.50
Aug	62.60	62.67	62.37	62.27
Oct	61.65	61.70	61.50	61.40
Dec	63.47	63.55	63.30	63.30
Feb	63.97	64.00	63.85	63.80
April	64.70	64.80	64.65	64.52

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	52.10	52.67	51.92	52.32
July	56.62	57.40	56.52	57.10
August	56.67	59.37	56.47	59.17
Oct	58.27	58.50	57.85	58.37
Dec	58.20	58.40	57.90	58.10
April	53.75	54.00	53.25	53.37
June	54.70	54.85	54.70	54.75
July	55.10	55.20	54.65	54.80

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
July	349.6	350.0	346.0	348.6
Sept	322.6	323.4	319.4	321.4
Dec	298.4	299.0	294.4	297.0
March	308.2	309.4	304.6	306.2
May	312.4	313.0	309.6	310.4
July	314.6	315.0	313.0	313.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	65.42	67.15	65.00	66.35
August	64.45	65.80	64.20	65.67
Feb	77.10	77.82	76.80	77.10
March	76.60	77.50	75.50	76.80
May	77.95	78.75	77.85	77.65
July	78.22	79.15	78.50	78.50
August	77.00	77.30	76.70	77.00

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	806.4	823.0	799.0	826.2
August	802.0	818.0	797.0	822.0
Sept	755.2	766.4	748.0	769.0
Nov	718.4	729.0	713.4	729.2
Jan	730.2	738.0	725.4	737.4
March	743.0	749.4	738.0	753.4
May	752.4	758.0	749.0	763.4
July	757.4	763.0	754.9	768.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	189.7	189.5	184.3	190.2
Aug	188.7	191.5	187.1	193.0
Sept	189.3	190.5	187.2	191.7
Oct	183.5	185.0	181.1	185.2
Dec	186.3	187.0	184.2	187.7
Jan	188.0	189.0	187.0	189.0
March	191.0	193.0	191.0	192.0
May	193.5	—	—	194.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
July	35.28	36.00	35.20	36.20
Aug	34.37	35.05	34.18	35.18
Sept	32.63	33.35	32.56	33.55
Oct	29.90	30.60	29.62	30.62
Dec	28.65	29.20	28.25	29.24
Jan	28.40	28.90	27.95	28.95
March	28.20	28.75	28.07	28.58
May	28.15	—	—	28.45
July	28.15	—	—	28.45

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	356.0	357.6	353.4	355.6
Sept	361.6	363.4	359.4	361.6
Dec	377.2	378.0	376.2	376.6
March	387.2	388.4	386.8	386.4
May	389.0	390.4	389.0	390.0
July	372.4	374.0	372.4	372.0

SPOT PRICES—Chicago loose lard 29.00 (same) cents per pound. New York tin 587.0-93.0 (588.0-92.0) cents per pound. Handy and Harman silver bullion 924.5 (930.0) cents per troy ounce.

THE Engineering Employers' Federation has told the Government not to legislate on pension rights.

In response to the Government's proposals for greater security for pension scheme members, one main theme being compulsory disclosure of information to members, the federation claims the proposals are out of proportion to any need.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Firmer rates boost dollar

The dollar finished on a firmer note in currency markets yesterday, underpinned by fears of higher U.S. interest rates. Euro-dollar rates were up by around ⅛ of a point as the market reacted to a growing conviction that the U.S. authorities may have little room to manoeuvre in regard to lower rates as long as economic growth continues at its recent pace and also the size of the U.S. budget deficit. Sentiment may change over the next few weeks but only if the second quarter flash estimate of economic growth shows signs of slowing from the first quarter.

Background support was also provided by the absence of any clear developments in the West German metal workers' dispute and also continued Middle East tension. Consequently there appeared to be a larger percentage gain in running longer dollar positions. The dollar closed at DM 2.6945 against the D-mark, up from DM 2.6770 and SwFr 2.2435 from SwFr 2.2330. It was also higher against the yen as the latter currency remained vulnerable to any possible dislocation of Middle East oil supplies and the dollar rose to Y231.30 from Y230.40. Against the French franc it finished at FFr 8.2850 compared with FFr 8.2550. On Bank of England figures, the dollar's trade weighted index rose to 130.2 from 130.1.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.3865. May average 1.3903. Trade weighted index 79.7, unchanged from noon and compared with 79.6 in the morning, 79.7 on Wednesday and 82.9 six months ago.

Sterling was unchanged overall and remained on the sidelines for much of the day. It lost ground to a firmer dollar but picked up against European currencies. Against the dollar it finished at $1.3950-1.3960, a fall of 70 points. It improved against the D-mark to DM 3.7650 from DM 3.7525 and FFr 11.58 from FFr 11.55. It was also firmer against the yen at Y323.25 from Y322.25 and SwFr 3.1325 from SwFr 3.1300.

D-MARK — Trading range against the dollar in 1984 is 2.8425 to 2.5535. May average 2.7465. Trade weighted index 126.5 against 124.4 six months ago.

The dollar was barely changed at yesterday's fixing in Frankfurt at DM 2.6849 compared with DM 2.6847 on Wednesday. The Bundesbank sold $14.15m. Trading was confined to a narrow range with the market awaiting further developments in the Gulf war and negotiations on the current strike by West German metal workers. These two factors tended to cancel each other and there was little incentive to take fresh positions. Elsewhere sterling rose to DM 3.7590 from DM 3.7490 while the Swiss franc slipped to DM 1.2001 from DM 1.2004. Within the EMS, the Belgian franc was higher at DM 4.8980 per BFr 100 from DM 4.8970 but the French franc eased to DM 32.485 per FFr 100 from DM 32.515.

ITALIAN LIRA — Trading range against the dollar in 1984 is 1,720.75 to 1,591.00. May average 1,695.39. Trade-weighted index 48.5 against 49.0 six months ago.

The lira showed mixed changes at the Milan fixing, but improved against the dollar and D-mark. The dollar fell to L1,665.40 from L1,665.70, and the Bank of Italy bought $17.4m of the $28.1m traded officially. There was no intervention against the D-mark however, which fell to L620.26 from L620.35. Among other members of the EMS the French franc declined to L201.43 from L201.50, and the Dutch guilder was almost unchanged at L549.57 against L549.58. Outside the system sterling rose to L2,332.40 from L2,325.60, and the Swiss franc to L744.51 from L744.16.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.0271	+1.52	+1.44	±1.5447
Danish Krone	8.14104	8.18247	+0.63	+0.58	±1.6425
German D-Mark	2.24184	2.23144	-0.46	-0.46	±1.0642
French Franc	6.87456	6.86932	-0.08	-0.13	±1.4052
Dutch Guilder	2.52595	2.51827	-0.30	-0.35	±1.4964
Irish Punt	0.72569	0.72906	+0.54	+0.48	±1.6699
Italian Lira	1403.49	1384.26	-1.37	-1.27	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (latest)

	June 7	Prev. close
Spot	$1.3955-3965	$1.3960-3990
1 month	0.23-0.24 dis	0.23-0.25 dis
3 months	0.60-0.63 dis	0.79-0.76 dis
12 months	1.80-1.65 dis	1.68-1.76 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

June 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3935-1.4010	1.3950-1.3960	0.22-0.25c dis	-2.02	0.78-0.82dis	-2.29
Canada	1.8150-1.8290	1.8150-1.8160	0.35-0.45c dis	-2.79	1.05-1.20dis	-2.48
Nethlnd.	4.22½-4.26	4.24½-4.25½	1.15-0.90c pm	2.80	3.90-3.15 pm	3.14
Belgium	76.65-76.90	76.65-76.75	16-22c dis	-2.97	46-56 dis	-2.63
Denmark	13.76-13.81½	13.80-13.81	⅞-1⅞ore dis	-1.31	2⅝-3⅞ dis	-0.94
Ireland	1.2255-1.2350	1.2315-1.2325	0.24-0.36p dis	-2.94	0.88-1.05dis	-3.15
W. Ger.	3.74½-3.77	3.76-3.77	1⅜-1½pf pm	3.89	3⅝-3⅜ pm	3.46
Portugal	193.30-194.75	193.35-193.85	30-170c dis	-6.35	245-575 dis	-8.50
Spain	212.25-213.10	212.75-212.95	110-130c dis	-6.78	395-385 dis	-6.24
Italy	2,322-2,336	2,328-2,330	9-12 lire dis	-5.41	33-35 dis	-5.82
Norway	10.74½-10.78½	10.77-10.78	2.85-4.05ore dis	-3.84	8.90-9.80dis	-3.47
France	11.52½-11.59½	11.57½-11.58½	3⅞-3⅞c dis	-3.63	12-13¼ dis	-4.33
Sweden	11.17½-11.20½	11.19½-11.19½	1.80-2.80ore dis	-2.46	5.40-6.40dis	-2.11
Japan	322¾-323¾	322¾-323¾	0.85-0.75y pm	2.97	2.20-2.10 pm	2.63
Austria	26.25-26.48	26.41-26.46	5⅞-4gro pm	2.27	17-13½ pm	2.30
Switz.	3.12⅝-3.14	3.12⅝-3.13⅝	1⅝-1⅝c pm	5.91	4⅝-4⅜ pm	5.51

Belgian rate is for convertible francs. Financial franc 77.70-77.80. Six-month forward dollar 1.75-1.80c dis, 12-month 3.80-3.90c dis.

THE DOLLAR SPOT AND FORWARD

June 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3935-1.4010	1.3950-1.3960	0.22-0.25c dis	-2.02	0.78-0.82dis	-2.29
Ireland†	1.1335-1.1410	1.1335-1.1345	0.10-0.05c pm	0.79	0.24-0.14 pm	0.67
Canada	1.2990-1.3005	1.3000-1.3005	0.04-0.07c dis	-0.51	0.16-0.20dis	-0.55
Nethlnd.	3.0285-3.0405	3.0385-3.0405	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	54.85-55.05	54.97-54.99	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	9.86-9.89	9.88½-9.89	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	2.6770-2.6975	2.6940-2.6950	1.27-1.22pf pm	5.55	3.67-3.62 pm	5.41
Portugal	138.50-139.20	138.50-139.00	100-400c dis	-21.60	[illegible]	[illegible]
Spain	151.90-152.45	152.30-152.40	55-75c dis	-5.12	180-200 dis	-4.73
Italy	1,664¾-1,672½	1,671½-1,672½	4½-5 lire dis	-3.42	13¼-14¼dis	-3.29
Norway	7.6950-7.7175	7.7125-7.7175	1.00-1.50ore dis	-1.94	1.90-2.40dis	-1.11
France	8.2425-8.2875	8.2825-8.2875	0.50-1.50c dis	-1.45	1.90-4.50dis	-2.05
Sweden	8.0025-8.0200	8.0125-8.0175	0.05-0.55ore dis	-0.45	0.85-0.05 dis	0.15
Japan	230.85-231.60	231.25-231.35	0.87-0.80y pm	4.35	2.40-2.35 pm	4.11
Austria	18.85-18.92	18.91-18.92	7.00-6.60gro pm	4.29	22.50-20.50pm	4.55
Switz.	2.2325-2.2475	2.2430-2.2440	1.30-1.24c pm	7.15	4.34-4.24 pm	7.65

†UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 55.70-55.75.

OTHER CURRENCIES

June 7	£	$		Note Rates
Argentina Peso	63.24-63.36	45.21-45.27	Austria	26.25-26.55
Australia Dollar	1.5580-1.5600	1.1155-1.1165	Belgium	77.50-78.30
Brazil Cruzeiro	2,232.6-2,244.8	1,596-1,604	Denmark	13.71-13.84
Finland Markka	8.0030-8.0285	5.7400-5.7450	France	11.49-11.60
Greek Drachma	149.50-149.90	107.00-107.30	Germany	3.75½-3.77½
Hong Kong Dollar	10.906-10.9135	7.8040-7.8060	Italy	2315-2345
Iran Rial	122.70*	87.75*	Japan	321-326
Kuwait Dinar (KD)	0.41415-0.41470	0.29605-0.29620	Netherlands	4.21½-4.26½
Luxembourg Fr.	76.65-76.76	54.97-54.99	Norway	10.73-10.84
Malaysia Dollar	3.2190-3.2265	2.3055-2.3070	Portugal	188-195
New Zealand Dlr.	2.1495-2.1545	1.5410-1.5425	Spain	204-214
Saudi Arab. Riyal	4.9090-4.9140	3.5090-3.5100	Sweden	11.14-11.25
Singapore Dollar	2.9375-2.9450	2.1030-2.1045	Switzerland	3.11½-3.14½
Sth African Rand	1.7815-1.7840	1.2765-1.2785	United States	1.39-1.41
U.A.E. Dirham	5.1370-5.1425	3.6720-3.6730	Yugoslavia	172-198

* Selling rates.

CURRENCY RATES

June 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.748089	0.594069
U.S. $	9	1.04740	0.831386
Canadian $	11.64	*	1.08080
Austria Sch	4½	19.7477	15.6799
Belgian Fr	11	57.4499	45.5911
Danish Kr	7	10.5242	8.19247
D'mark	4	2.81217	2.23144
Guilder	5	3.17510	2.51827
French Fr	9½	8.65676	6.86932
Lira	15½	1744.50	1384.25
Yen	5	241.792	192.133
Norwgn Kr	8	8.06707	6.39876
Spanish Pta	—	159.362	126.557
Swedish Kr	8½	8.38085	6.65358
Swiss Fr	4	2.34324	1.86093
Greek Dr'ch	20½	112.239	88.9416

*C$/SDR rate for June 5: 1.36541.

CURRENCY MOVEMENTS

June 7	Bank of England Index	Morgan Guaranty Changes%
Sterling	79.7	-11.2
U.S. dollar	130.2	+19.0
Canadian dollar	88.1	-3.8
Austrian schilling	116.9	+4.7
Belgian franc	90.3	-11.0
Danish Kroner	78.7	-5.8
Deutsche mark	126.5	+8.4
Swiss franc	146.6	+10.6
Guilder	115.5	+4.6
French franc	56.7	-14.9
Lira	48.5	-13.1
Yen	157.3	+13.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

June 7	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.396	3.765	323.3	11.58	3.133	4.248	2329.	1.816	76.70
U.S. Dollar	0.717	1.	2.696	231.5	8.285	2.244	3.040	1672.	1.301	54.98
Deutschemark	0.266	0.371	1.	85.86	3.076	0.832	1.128	618.6	0.482	20.37
Japanese Yen 1,000	3.094	4.317	11.65	1000.	35.82	9.691	13.14	7205.	5.616	237.3
French Franc 10	0.864	1.206	3.251	279.1	10.	2.705	3.668	2011.	1.568	66.23
Swiss Franc	0.319	0.446	1.202	103.2	3.697	1.	1.356	743.5	0.580	24.49
Dutch Guilder	0.235	0.329	0.886	76.10	2.726	0.737	1.	548.3	0.427	18.06
Italian Lira 1,000	0.429	0.599	1.617	138.8	4.972	1.345	1.824	1000	0.780	32.93
Canadian Dollar	0.551	0.769	2.074	178.1	6.378	1.725	2.340	1283.	1.	42.25
Belgian Franc 100	1.304	1.819	4.909	421.4	15.10	4.084	5.538	3037.	2.367	100.0

EURO-CURRENCY INTEREST RATES (Market closing rates)

June 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	9⅛-9¼	10⅞-11	12¾-13¼	5¾-5⅞	1⅞-2⅛	5⅛-5¼	12¼-12½	14-15	11-11½	11-11½	5¾-5⅞	10½-11
7 days' notice	9⅛-9¼	10¾-10⅞	12-12½	5⅞-6	2-2¼	5¼-5⅜	12-12¼	13⅞-14⅞	11⅛-12	11⅛-11⅝	5¾-5⅞	11⅛-12
Month	9⅛-9⅜	11-11⅛	11⅞-11⅝	5⅝-6⅛	3⅛-3⅜	5⅞-5⅞	12¼-12½	14⅝-14⅞	11⅛-12	11⅝-11⅞	6⅛-6¼	10⅞-11⅛
Three months	9⅞-9⅞	11½-11⅝	11⅝-11⅞	6⅛-6¼	3⅜-3⅝	5¾-5⅞	13⅛-13⅝	14⅜-15¼	11½-12	11¾-12	6⅛-6⅜	10⅝-11⅛
Six months	9⅞-9⅞	12¼-12⅜	12⅛-12½	6⅛-6⅝	4⅛-4⅜	6⅛-6⅛	14⅛-14⅝	15¾-16⅛	12¼-12¾	11⅞-12⅛	6⅛-6⅝	11-11½
One year	10⅛-10⅝	13¼-13⅜	13⅛-13⅛	6⅞-7	4⅛-4⅝	6½-6⅝	15⅛-15⅝	16⅞-17⅝	13-13½	12-12¼	6⅛-6⅝	11⅝-11⅞

Asian $ (closing rates in Singapore): Short-term 10[11/16]-10[13/16] per cent; seven days 10⅝-10⅞ per cent; one month 11-11⅛ per cent; three months 11½-11⅝ per cent; six months 12[5/16]-12[7/16] per cent; one year 13⅛-13⅜ per cent. Long-term Eurodollars; two years 13¾-14 per cent; three years 14-14¼ per cent; four years 14¼-14½ per cent; five years 14¼-14½ per cent nominal closing rates. Short-term rates are call for U.S. banks and Japanese yen; two days' notice.

FINANCIAL FUTURES

Prices weaken

The weakness of U.S. credit markets pushed prices lower on the London International Financial Futures Exchange yesterday. After opening at 87.30, near the day's peak of 87.33, September Eurodollars fell to a low of 87.17, before short covering in late trading closed the contract above the worst level at 87.21, compared with 87.44 previously. A weakening of the U.S. bond market overnight led to the early decline, while recent comments by U.S. officials have also given rise to some fears of higher U.S. interest rates, and the possibility of a tightening of Federal Reserve monetary policy. The further weakness on the opening of Chicago trading yesterday may have been limited to some extent by revised estimates of the U.S. weekly M1 money supply figures, giving a general average of an increase in the region of $400m, compared with $800m earlier in the week.

Long-term gilt futures were also sold aggressively from the opening. The September contract opened at 103-07, against the previous night's close of 104.20. There was not much news to influence the market, and the price moved in reaction to the weaker tone to the U.S. bond market. It touched a low of 102-07, and finished at 102-10.

September short-term sterling deposits began trading at the day's peak of 89.87, and weakened as Eurodollar interest rates and sterling interbank rates on the London money market firmed. After touching a low of 89.72 sterling deposits on Liffe closed at 89.75, compared with the Wednesday close of 89.92.

The stock index for September delivery opened stronger, but as the recent rally in equity prices petered out, the contract finished lower on the day.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	88.55	88.62	88.52	88.71
Sept	87.21	87.33	87.17	87.44
Dec	86.55	86.60	86.52	86.78
March	86.13	86.20	86.11	86.38
June	85.84	85.88	85.82	86.09

Volume 7,010 (3,778)
Previous day's open int 15,140 (15,350)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
June	90.65	90.72	90.63	90.77
Sept	89.75	89.87	89.72	89.92
Dec	89.34	89.35	89.20	89.42
March	88.87	89.00	88.86	89.04
June†	88.69	—	—	89.00

Volume 1,897 (1,169)
Previous day's open int 8,995 (9,154)
† £500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	103-17	104-14	103-17	104-20
Sept	102-10	103-10	102-07	103-18
Dec	101-25	—	—	103-05
March	101-17	—	—	102-23
June	101-10	—	—	102-10

Volume 4,364 (4,058)
Previous day's open int 9,383 (9,412)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) per to 10 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.3980	1.4000	1.3877	1.4001
Sept	1.3985	1.4000	[illegible]	[illegible]
Dec	1.4155	1.4165	1.4145	1.4160

Volume 2,705 (193)
Previous day's open int 3,501 (3,600)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3713	0.3723	0.3721	0.3729
Sept	0.3766	0.3787	0.3766	0.3762
Dec	0.3822	—	—	0.3838

Volume 304 (66)
Previous day's open int 405 (392)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.4454	0.4468	0.4454	0.4474
Sept	0.4545	0.4556	0.4545	0.4558

Volume 4 (12)
Previous day's open int 803 (805)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4324	0.4339	0.4322	0.4340
Sept	0.4381	0.4391	0.4380	0.4398

Volume 132 (12)
Previous day's open int 428 (426)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	106.10	107.50	106.95	107.20
Sept	105.35	106.80	105.30	106.80
Dec	106.35	—	—	107.40

Volume 943 (719)
Previous day's open int 1,122 (1,006)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	61-10	61-22	61-08	61-28
Sept	60-18	61-00	60-16	61-05
Dec	60-00	60-14	59-30	60-19
March	59-19	59-31	59-19	60-06
June	59-09	59-19	59-09	59-27
Sept	59-00	59-09	59-00	59-18
Dec	58-25	59-00	58-25	59-11
March	—	—	—	58-05

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	88.79	88.85	88.78	88.87
Sept	88.10	88.12	88.09	88.17
Dec	87.70	87.72	87.69	87.79
March	87.44	87.47	87.43	87.54
June	87.26	87.28	87.25	87.37
Sept	87.14	87.15	87.14	87.23
Dec	86.99	86.99	86.99	87.10
June	—	—	—	87.54

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	88.70	88.80	88.66	88.75
Sept	87.33	87.41	87.30	87.48
Dec	86.67	86.80	86.64	86.83
March	86.25	86.31	86.23	86.42

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	88.28	88.32	88.27	88.40
Sept	86.88	86.94	86.85	87.02
Dec	86.20	86.24	86.17	86.34
March	85.78	85.80	85.76	85.93
June	85.50	85.51	85.49	85.65

STERLING (IMM) $ per £

	Latest	High	Low	Prev
June	1.3985	1.4010	1.3980	1.3975
Sept	1.4065	1.4100	1.4050	1.4050
Dec	1.4170	1.4170	1.4160	1.4135
March	—	1.4285	—	1.4235

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	64-31	65-10	64-30	65-16
Sept	63-22	64-03	63-20	64-08
Dec	62-22	63-00	62-20	63-07
March	61-27	62-04	61-27	62-10
June	—	—	—	61-19
Sept	—	60-27	60-20	61-01
Dec	60-07	60-14	60-07	60-19

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MONEY MARKETS

UK rates slightly firmer where changed

UK interest rates were marked up in places yesterday, partly in reaction to firmer U.S. interest rates. The day was punctuated by position taking in the longer dates which caused a slight tightening in the yield curve. There appeared to be little clear incentive with the market having digested the last set of UK banking figures as better than expected, and now awaiting further developments. U.S. interest rates were firmer, underpinned by fears of continued monetary growth in the U.S.

UK clearing banks' base lending rate 9-9¼ per cent (since May 10 and 11)

In London three-month interbank money was quoted at 9⅞-9[15/16] per cent up from 9¾-9⅞ per cent on Wednesday while three-month eligible bank bills were bid unchanged at 8[13/16] per cent. Overnight interbank money opened at 9-9¼ per cent and touched a high of 9⅜ per cent. Most of the morning's business was confined to a range of 9⅛-9¼ per cent, however. Rates were quoted at 7½-8 per cent around 2 pm and fell away towards the close to a low of 3 per cent.

The Bank of England forecast a shortage of around £250m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £174m and Exchequer transactions a further £45m. There was also a rise in the note circulation of £10m. The Bank gave assistance in the morning of £217m through purchases of £70m of eligible bank bills in band 1 (15-33 days) at 9[1/16] per cent and £82m in band 2 (15-33 days) at 9 per cent. In band 3 (34-63 days) it bought £9m of eligible bank bills at 8[15/16] per cent and in band 4 (64-91 days) £76m at 8¾ per cent.

Additional assistance was given in the afternoon of £22m, comprising purchases of £1m of eligible bank bills in band 2 at 9 per cent and £1m in band 3 at 8[15/16] per cent. In band 4 it bought £20m of eligible bank bills at 8⅞ per cent.

In New York the Federal Reserve injected liquidity into the money market through $2bn of customer repurchase agreements. At the time Federal funds were trading at 10[15/16] per cent, having touched 11 per cent earlier.

MONEY RATES

June 7	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.5-5.55	12⅞	1½-2½	5⅝-5⅞	5.84375	16¼-16⅝	10.25	11⅝-11⅝
One month	5.65-5.75	12[5/16]-12[7/16]	3⅝-3¾	5⅞-6	6.15625	16¼-16⅝	11½-11¾	12-12¼
Two months	5.85-6.00	12⅛-12¼	—	—	—	—	—	12¼-12½
Three months	6.05-6.20	12¼-12⅜	3¾-3⅞	6⅛-6⅜	6.28125	16⅞-16⅞	11¾-12	12⅝-12⅝
Six months	6.25-6.40	12½-12⅝	—	6¼-6⅜	—	—	11⅞-12⅛	12¾-13
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11¾	—	5⅞	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

June 7 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	3-9⅜	9-9⅛	9⅝-7	5-9⅛	—	—	—	—	—
2 days notice	—	—	8⅞-9	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	9-9¼	9	9⅜	8⅞-9	—	—	—	—	—
One month	9¼-9[5/16]	9[5/16]-9[3/16]	9⅛	9[5/16]-9⅜	8⅞-9	9[1/16]	8[15/16]	9[1/16]	8[15/16]-8⅞	9[5/16]
Two months	9⅜-9¼	9¼-9⅜	9¼	9¼	9-9[1/16]	8[15/16]	8[13/16]	8[15/16]-8⅞	8[13/16]-8[13/16]	9[3/16]
Three months	9[7/16]-9⅝	9⅜-9⅜	9⅜	9[7/16]	9-9⅛	8[13/16]	8⅞	8[13/16]	8⅞	9[13/16]
Six months	9¾-9[11/16]	9¾-9[13/16]	9⅞	—	—	—	—	9⅛	9[1/16]	10
Nine months	9[13/16]-9⅞	10⅛-10⅛	10	—	—	—	—	—	—	—
One year	10[1/16]-9[15/16]	10[1/16]-10⅛	10⅛	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9¾-9½	—	9⅛	10.95-10.85	9¼-9⅛	9[1/16]-9¼
Two months	9⅞-9⅝	—	9⅛	11.15-11.20	9⅛-9¾	9¼-9[5/16]
Three months	10-9¾	—	9⅝	11.5-11.4	9[13/16]-9[15/16]	9[13/16]-9⅝
Six months	9⅞-9¾	—	10	12.1-12.2	10[1/16]-10[3/16]	9-7⅛10[1/16]
Nine months	10⅛-10¼	—	10¼	12.5-12.7	—	—
One year	10⅝-10⅜	11¼	10[5/16]	13.0-13.2	10[13/16]-11[1/16]	10¼-10[5/16]
Two years	—	11½	—	—	—	—
Three years	—	11¾	—	—	—	—
Four years	—	11⅝	—	—	—	—
Five years	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of Interest period May 2 to June 5 1984 (inclusive): 9.516 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 9½ per cent from June 1 1984. London and Scottish Clearing Bank Rates for lending 9-9¼ per cent. London Deposit Rate for sums at seven days' notice 5⅝-6 per cent. Certificates of Treasury Bills: Average tender rate of discount 8.9245 per cent. Certificates of Tax Deposit (Series 6). Deposit of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-six months 10 per cent; six-nine months 10¼ per cent; nine-12 months 10½ per cent. Under £100,000 9 per cent from June 7. Deposits held under Series 4-5 10¼ per cent. The rate for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. June 7)

3 months U.S. dollars

bid 11 1/2	offer 11 5/8

6 months U.S. dollars

bid 12 5/16	offer 12 5/16

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	12½
Broker loan rate	11½-11¾
Fed funds	11
Fed funds at intervention	10[15/16]

Treasury Bills

One month	9.50
Two month	9.75
Three month	9.81
Six month	10.55
One year	10.85

Treasury Bonds

Two year	99[25/32]
Three year	98[25/32]
Four year	96⅞
Five year	101[7/32]
Seven year	94⅝
10 year	97⅜
30 year	97[11/32]

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, June 6, 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London.
Eurodollar Libor as of June 6, at 11.00 am
Three months: 11[7/16]. Six months 12⅛.

ECU=$US0.831146. SDR1=$1.04743
Sibor as of June 6 at 11.00 am
Three months: 11[7/16] Six months: 12⅛

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	7.235
Algeria	Dinar	4.9356
Andorra	Fr. Franc	8.2575
	Sp. Peseta	151.96
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.70
Argentina	New Peso (f)	44.921
Australia	Dollar	1.1173
Austria	Schilling	18.86
Azores	Port. Escudo	139.00
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is	Sp. Peseta	151.95
Bangladesh	Taka	25.75
Barbados	Dollar	2.0113
Belgium	Franc (O)	54.812
	Franc (F)	55.725
Belize	Dollar	2.00
Benin	C.F.A. Franc	412.875
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	11.00
Bolivia	Peso (1)	2000.00
Botswana	Pula	1.1758
Brazil	Cruzeiro	1600.00
Brunei	Dollar	2.1046
Bulgaria	Lev	0.9995
Burma	Kyat	7.77
Burundi	Franc	117.143
Cameroun Rp	C.F.A. Franc	412.875
Canada	Dollar	1.3008
Canary Is	Sp. Peseta	151.95
Cape Verde Is	Escudo	80.00
Cayman Is	Dollar	0.835
Cen. Africa Rep	C.F.A. Franc	412.875
Chad	C.F.A. Franc	412.875
Chile	Peso (O)	90.84
China	Renminbi Yuan	2.1876
Colombia	Peso (O)	98.67
Comoros	C.F.A. Franc	412.875
Congo Pple Rep.of	C.F.A. Franc	412.875
Costa Rica	Colon	45.75
Cuba	Peso	0.8602
Cyprus	Pound*	1.7838
Czechoslovakia	Koruna (O)	6.65
Denmark	Krone	9.86
Djibouti Rp. of	Franc	177.086
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso	1.00
	Peso (I)	3.00
Ecuador	Sucre (O)	62.52
	Sucre(a)	88.86
	Sucre(b)	89.06
Egypt	Pound*(O)	1.4286
	Pound*	1.1965
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	305.90
Ethiopia	Birr(O)	2.0559
Faeroe Is'd	Dan. Krone	9.86
Falkland Is'd	Pound*	1.396
Fiji	Dollar	1.0821
Finland	Markka	5.7385
France	Franc	8.2575
Fr. C'ty in Af	C.F.A. Franc	412.875
Fr. Guiana	Franc	8.2575
Fr. Pac. Is'd	C.F.P. Franc	150.136
Gabon	C.F.A. Franc	412.875
Gambia	Dalasi	3.5817
Germany (E)	Ostmark (O)	2.684
Germany (W)	Mark	2.684
Ghana	Cedi	35.00
Gibraltar	Pound*	1.396
Greece	Drachma	107.03
Greenland	Dan. Krone	9.86

COUNTRY	CURRENCY	VALUE OF DOLLAR
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	8.2575
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	80.2478
Guinea Rep	Syli	23.5675
Guyana	Dollar	3.75
Haiti	Gourde	5.00
Honduras Rep	Lempira	2.00
Hong Kong	Dollar	7.8055
Hungary	Forint	46.107
Iceland	Krona	29.67
India	Rupee	11.00
Indonesia	Rupiah	1009.00
Iran	Rial (O)	88.1203
Iraq	Dinar	0.3109
Irish Rep	Punt*	1.1392
Israel	Shekel	196.295
Italy	Lira	1665.00
Ivory Coast	C.F.A. Franc	412.875
Jamaica	Dollar (o) (8)	3.65
Japan	Yen	230.80
Jordon	Dinar	0.3702
Kampuchea	Riel	n.a.
Kenya	Shilling	13.7843
Kiribati	Aust. Dollar	1.1173
Korea (Nth)	Won	0.94
Korea (Sth)	Won	799.20
Kuwait	Dinar	0.2956
Lao P'pls D. Rep.	Kip	35.00
Lebanon	Pound	6.05
Lesotho	Loti	1.2757
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.237
Luxembourg	Lux. Franc	54.812
Macao	Pataca	8.1138
Madagascar D. R.	Franc	567.456
Madeira	Port. Escudo	139.00
Malawi	Kwacha	1.5457
Malaysia	Ringgit	2.3001
Maldive Is.	Rufiyaa (O)	3.93
	Rufiyaa (M)	7.05
Mali Rp	Franc (7)	825.75
	C.F.A. Franc (6)	412.875
Malta	Pound*	2.2548
Martinique	Franc	8.2575
Mauritania	Ouguiya	57.05
Mauritius	Rupee	13.15
Mexico	Peso (d)	181.63
	Peso (e)	164.21
Miquelon	Fr. Franc	8.2575
Monaco	Fr. Franc	8.2575
Mongolia	Tugrik (O)	3.3556
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	8.46
Mozambique	Metica	41.681
Namibia	S.A. Rand	1.2757
Nauru Is	Aust. Dollar	1.1173
Nepal	Rupee (8)	16.10
Netherlands	Guilder	3.03
Neth Ant'les	Guilder	1.80
New Zealand	Dollar	1.5401
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	412.875
Nigeria	Naira	0.7207
Norway	Krone	7.701
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	13.808
Panama	Balboa	1.00
Papua N.G.	Kina	0.876
Paraguay	Guarani (O) (5)	240.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Peru	Sol	3161.85
Philippines	Peso (9)	18.002
Pitcairn Is	N.Z. Dollar	1.5401
Poland	Zloty (O)	110.96
Portugal	Escudo	139.00
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	8.2575
Romania	Leu (O)	4.65
Rwanda	Franc	98.0589
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.396
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr Franc	8.2575
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala*	1.766
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1665.00
Sao Tome & Principe DR	Dobra	43.2009
Saudi Arabia	Riyal (6)	3.51
Senegal	C.F.A. Franc	412.875
Seychelles	Rupee	6.9069
Sierra Leone	Leone	2.61
Singapore	Dollar	2.1046
Solomon Is.	Dollar	1.2489
Somali Rep.	Shilling	15.7588
South Africa	Rand	1.2757
Spain	Peseta	151.95
Span. Ports in N. Africa	Sp. Peseta	151.95
Sri Lanka	Rupee	25.16
Sudan Rep	Pound*	0.7692
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.2757
Sweden	Krone	8.005
Switzerland	Franc	2.237
Syria	Pound (O)	3.925
Taiwan	Dollar (O)	39.87
Tanzania	Shilling	12.40
Thailand	Baht	22.095
Togo Rep	C.F.A. Franc	412.875
Tonga Is	Pa'anga	1.1173
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.7633
Turkey	Lira	355.87
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.1173
Uganda	Shilling (1st)	291.45
	Shilling (2nd)	327.36
United Arab Emir.	Dirham	3.6727
Utd. Kingdom	Pound Sterling*	1.396
Upper Volta	C.F.A. Franc	412.875
Uruguay	Peso	52.38
USSR	Rouble	0.7805
Vanuatu	Vatu	101.391
Vatican	Lira	1665.00
Venezuela	Bolivar (g)	7.50
	Bolivar (g) (4)	4.30
	Bolivar (h)	14.13
	Bolivar (I)	14.16
Vietnam	Dong (O)	9.9068
Virgin Is. Brit	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	5.30
Yemen PDR	Dinar	0.3425
Yugoslavia	Dinar	133.57
Zaire Rep.	Zaire	34.9894
Zambia	Kwacha	1.6849
Zimbabwe	Dollar	1.1541

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential Rates. (h) Non essential imports. (i) Floating tourist rate. (1) Poland: Devalued 1st March by approx. 11.9%. (2) Madagascar Official devaluation against French franc March 21. (3) Dominican Republic: Floating Rate. (4) Finland: Markka revalued by 1 per cent, March 27. (5) Ghana: Official Cedi devaluation by approx. 14 per cent, March 28. (6) Bolivia: Official 75 per cent devaluation announced April 12. (7) Jamaica: April 12, twice weekly auction—rate set by Central Bank. (8) Nepal: May 8, Rupee officially devalued by 2.17 per cent. (9) Venezuela: For debts incurred prior to February 1983. (10) Paraguay: Official devaluation to 240 Guarani from 160 to the Dollar, May 22. For further information please contact your local branch of the Bank of America.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for June 7.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	88½	89¾	−1⅛	+0¼	13.74
American Savings 12 89	125	97⅛	97½	−0½	+1⅞	12.89
American Sav 12⅛ 89	100	98⅝	99⅛	−0⅝	+0⅞	12.56
Australian Ind Dev 11 89	75	91⅝	92⅛	−0⅝	+1	13.41
Bank Of Tokyo 11⅜ 90	100	91⅜	91⅞	−1⅛	+1¼	13.88
Beneficial O/S Fin 12 91	100	88½	89	−1⅛	+0⅛	14.72
Citicorp O/S 11¾ 99	100	90¾	91¾	−0½	−2½	13.12
Crossland Int 12⅛ 88	125	95½	96	−0½	−0⅝	13.78
Creditanstalt 13⅛ 91	100	98⅛	98⅝	−0½	+0⅝	13.49
D.N.C. 11¾ 91 WW	50	89½	91	−0⅝	+0⅛	14.88
D.N.C. 11¾ 91 XW	50	89¼	90¼	−0⅝	+0⅝	14.19
Denmark Kingdom 12 91	100	91⅛	92⅝	0	+2⅝	13.83
Denmark Kingdom 12¼ 93	100	91¾	92¼	−0½	+2	13.77
Denmark Kingdom 13 91	100	95¾	96¼	−0⅝	−0¼	13.93
Digital Equip 11⅝ 89	150	94⅛	94⅞	−0⅝	+1⅛	13.30
Dutch Mines 11⅜ 91	150	88⅝	88⅞	+0⅛	+2	14.05
E.D.C. 11⅛ 89	150	92⅜	92⅞	0	+1⅜	13.29
E.E.C. 12 93	50	92½	93	−0⅝	+0¾	13.35
E.I.B. 12½ 90	100	95½	96	−0½	+0⅝	13.57
E.I.B. 12⅞ 94	100	96⅜	96⅞	−0½	+1⅛	13.58
Eurofima 12½ 91	100	94⅜	94⅞	−0⅝	+1	13.74
Florida Fed Sav 12⅞ 89	100	96⅝	97⅛	−1⅜	−1	13.26
Gen Elec Credit 11 91 WW	200	93¾	94⅛	−0⅝	+2⅛	12.34
Gulf & Western 12⅛ 89	100	93½	94	−0½	+0¾	13.97
I.I.L. 12 88	100	93	93½	−0⅛	+0¾	13.98
Indust Bk Japan 11½ 89	175	92⅛	92⅝	−0⅝	+1½	13.75
Int Paper O/S Fin 12 91	75	95¾	96⅛	−0½	+1⅜	12.89
ITT Finance 11½ 88 WW	125	95⅝	96⅛	−1	+0½	12.54
Japan Air Lines 12½ 94	70	93¾	94⅜	−0⅝	+0⅛	13.88
L.T.C.B. 11⅞ 89	100	92	92½	−1⅛	+1⅛	14.17
Macy O/S 11¾ 91	100	92¼	92¾	−0½	+1⅜	13.49
Mosel Trust Fin 12 91	100	91	91½	−0⅛	+2	14.06
Montreal, City 12½ 91	70	95½	96	−0⅝	+1	13.46
Morgan Guaranty 12¼ 89	150	95¼	95¾	+0⅛	+1½	13.55
Ned Gasunie 11⅛ 91	75	88⅝	89⅛	−0½	+1⅜	13.86
Newfoundland Prov 13 91	75	100½	101	−0⅝	0	12.81

CAPITAL MARKETS

Sharp decline fails to deter Eurodollar sector borrowers

BY MARY ANN SIEGHART IN LONDON

BHF Bank bond average		
June 7		Previous
99.029		99.038
High	1984	Low
100.009		98.056

EURODOLLAR bond prices fell by as much as a point yesterday, dragging down the prices of recent new issues. Yet this did not deter more borrowers from tapping the market while they could.

Denmark, for instance, launched a $100m, seven-year bond with a 14 per cent coupon at par through Credit Suisse First Boston. Included in the offering are 100,000 four-year warrants – one for each bond – which enable the holder to buy a seven-year, 12¾ per cent bond at par. These carry an issue price of $15 each.

In such a depressed market the bonds seemed tightly priced and traded at a 2½ per cent discount, way outside the 1⅞ per cent total fees. The warrants were even less popular and were offered at $12: there were no bids.

All Nippon Airways is raising $100m through a 10-year bond, also with a 14 per cent coupon at par.

Nomura Securities yesterday announced a Y5bn seven-day Euroyen loan from Daiwa Bank. It is the first significant short-term Euroyen bank loan to a Japanese resident borrower and follows the U.S.-inspired liberalisation of the market. Page 19

Led by Morgan Guaranty, the bond is guaranteed by the Industrial Bank of Japan, which gives it a triple-A credit rating. It is non-callable by the borrower.

Unlike most of the recent issues, it traded within its fees at a 1⅞ per cent discount, but was reported to be selling quite slowly, probably because of its long maturity.

Belgium came out with a "Viking" floating rate note late in the day, which will be entirely underwritten by Nordic banks. The $75m bond has a 12-year life with put options at seven and 10 years, and pays ⅛ per cent over six-month Libor at par.

In order to discourage Belgian residents from buying the bonds (and possibly evading tax), they are in denominations of $500,000 each and are registered. Lead managers are Sparebanken Oslo Akershus and Svenska Handelsbanken. Fees are rumoured to be in the region of 0.90 per cent.

Hudson's Bay Company, the Canadian retailer, is raising C$50m through a five-year bond led by Morgan Stanley and Société Générale. The coupon is indicated at 14¼ per cent with an open price; terms will be fixed on or before June 21. It traded at a discount of around its 1¼ per cent fees.

The sell-off in the dollar secondary market did little good for the rest of the week's new issues. The two zero-coupon bonds (from General Electric and Sears Roebuck) were particularly badly hit, with Sears trading at a 1¾ point discount from its 20.50 issue price. Given the low issue price, this represents a substantial loss in value.

Compagnie Bancaire, which launched its $75m bonds late Wednesday afternoon, found it languishing yesterday at a hefty 3⅛ point discount.

Yesterday was not a good day for Eaton Corporation, the U.S. electronic and engineering group, to launch a £35m bulldog, dated 2014, with long-dated gilt-edged stocks falling £1¾. The bond's price will be fixed this afternoon to yield 1.75 per cent over Treasury 13½ per cent 2004-08, which closed last night at £122, yielding 11.07 per cent to redemption. The issue, arranged by Barclays Merchant Bank and S. G. Warburg, and brokers Hoare Govett, was placed with institutional investors.

Sharp Corporation, the Japanese electronics company, is raising SwFr 300m through a five-year convertible private placement with an indicated 2 per cent coupon through Credit Suisse. It will be priced on June 14.

Expected today is an Ecu 57m deal for Swedish Export Credit led by Kredietbank International. It should have an 11 per cent coupon and a 4¼-year life.

Also out today is a Y15bn Samurai issue for Quebec. It will have a 10-year life and a coupon of about 7.8 per cent, possibly at a slight discount. Lead manager is Nomura Securities.

The D-Mark secondary sector was hit by the bad New York market, with prices falling by up to ¼ point. But the Swiss market recovered again yesterday with price rises of at least ¼ point.

WEEKLY U.S. BOND YIELDS (%)

	June 6	May 30	1984 High	1984 Low
Composite Corp. AA	13.97	14.23	14.23	12.07
Government:				
Long-term	13.44	13.89	13.89	11.91
Intermediate	13.35	13.79	13.79	11.53
Short-term	12.82	12.22	13.22	10.70
Municipal	n.a.	11.14	10.80	9.48
Industrials AAA	13.33	13.66	13.66	11.78
Industrials AA	13.81	14.01	14.01	12.02
Utilities AA	14.13	14.45	14.45	12.23
Preferred Stocks	12.07	11.97	12.07	11.87

Source: Standard & Poor's

OVER-THE-COUNTER

Continued from Page 36

Stock		Sales (Hnds)	High	Low	Last	Chng
Siltec		12	8¼	8¼	8¼	
Simpln	.80	13	14¾	14⅝	14¾	+¼
SippOcn		4	12½	12⅜	12⅜	
SisCp		4	6¼	6¼	6¼	
Sizzler s		1198	13¼	12½	13	+¼
Skipper	.08	23	11	10¾	10¾	+¼
Ultrsy	.06e	832	18	17½	18	
Ungmn		480	14¼	13½	14¼	+½
Unifi		23	10	9¾	9¾	−¼
Unoil s		22	3¼	3⅛	3⅛	
UnPlntrs	.60	18	22½	22¼	22¼	−¼
UACom	.10	339	23¾	22¾	23½	+⅜
UBColo	1	156	17⅞	17½	17⅞	+⅛
UFnGrp		593	7	6¾	6⅞	−⅛

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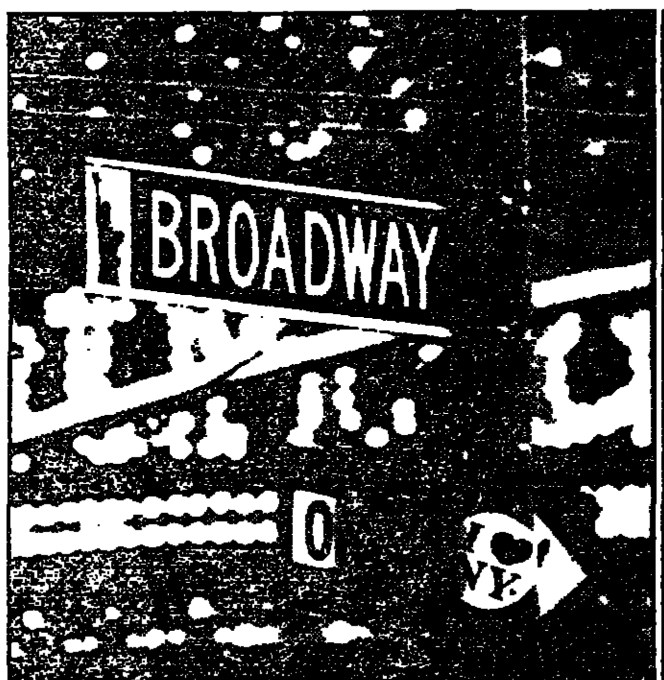
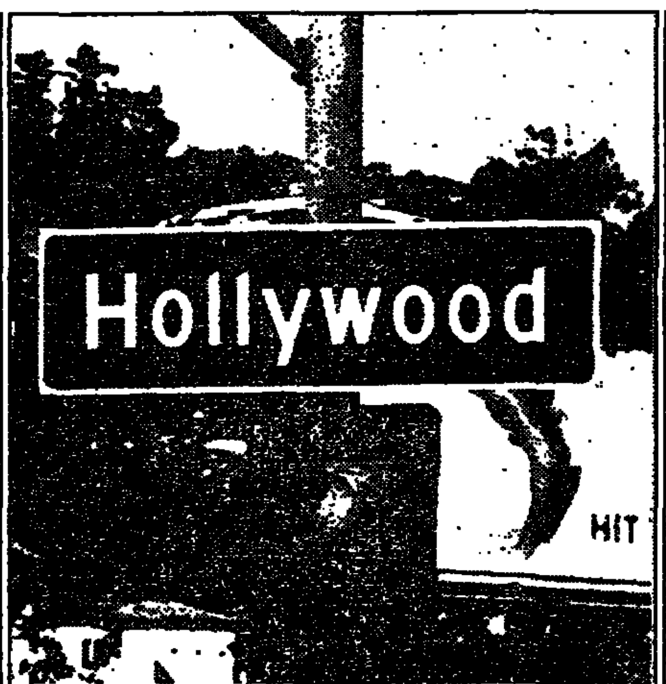


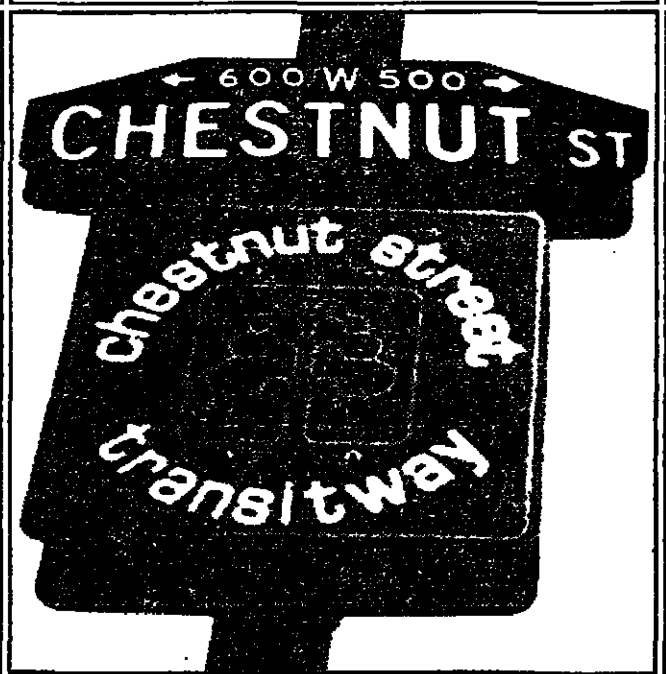
New York £349 Super Apex Return



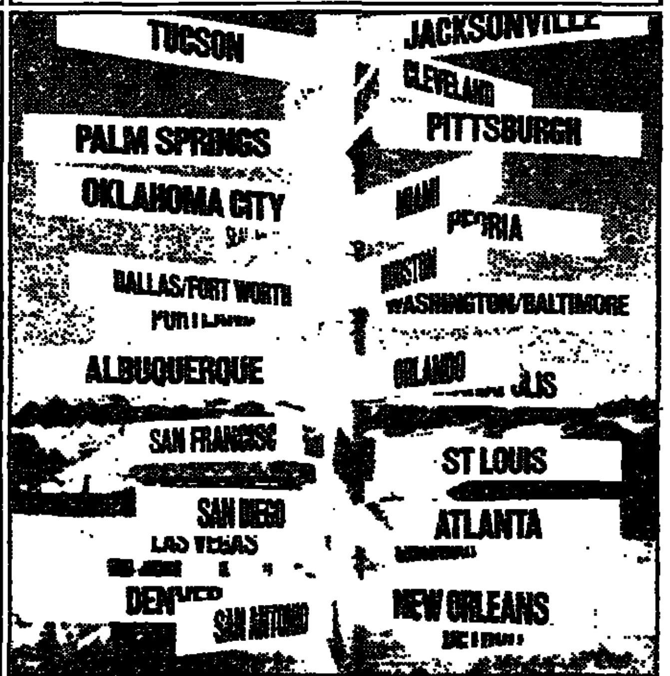
Los Angeles £469 Super Apex Return

Boston £339 Super Apex Return

Phoenix £442 Super Apex Return



Philadelphia £359 Super Apex Return



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